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Nine articles in this issue examine facets of Latin American-United States relations and other Latin American problems. This first article shows that "After making liberal allowances for the well-intentioned efforts of President Franklin D. Roosevelt as manifested in the Good Neighbor Policy, and of President John F. Kennedy as represented by the Alliance for Progress, the record of the United States relations with Latin American republics stands devoid of imagination when not actually misguided."

United States-Latin American Relations: The Roots Of Misunderstanding

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IN 1948, A POPULAR UPRISE in Bogota, Colombia, nearly terminated a meeting being held there to create the machinery for more effective Western Hemisphere understanding. The uprising failed, but the ensuing 20 years have been characterized by a deterioration in understanding that has accelerated with time. Today, the reservoir of mutual disrespect is the fullest that it has been since the late 1920's and perhaps in all history. At the official level, neither side any longer has faith in the intentions of the other. Clearly, the price of lasting reconciliation between the United States and the nations of Latin America has never been higher.*

Before turning to some specifics, let it be clear that Latin America is not a monolith, that on the contrary there are or may be great historical, ethnic and cultural differences between near neighbors.

* Much of this material was first presented by Professor Johnson in an address delivered at Central Washington State College, April 3, 1968.

It goes without saying that there are no simple answers to the question of why relations reached their present state, nor are there any easy cures for a very sick hemispheric community. No one country can be tagged with full responsibility for the mutual distrust that prevails. Both sides are culpable.

Let us examine some of the apparent reasons why Latin America may be held at least partially responsible for the discord that is sundering our hemisphere. Until approximately 1950, political leaders of the several republics alternately sought aid and comfort from Washington and used the United States as a whipping boy. More recently there has been a tendency—Mexico providing the most notable exception—for them *simultaneously* to solicit aid and comfort from Washington and to heap abuse upon the United States; witness the actions of Ecuador, Peru and Panama during 1967 and early 1968. The United States State Department may be aware that lashing out at the United States is a tactic often used by Latin American re-

gimes to rally the support of the increasingly articulate but still politically unsophisticated working elements, directing their internal frustration towards a friend-foe power.

But the recognition of these factors does not make their behavior acceptable to Washington. It only makes it somewhat less reprehensible. Our representatives would be less than human if they consistently suppressed the urge to strike back. They do not always conceal their feelings. Their frustrations surface from time to time and they take retaliatory measures.

One instance where the Latin American republics try the patience and understanding of Washington policy-makers is in the deference shown to the military and their important but sometimes ambiguous position in Latin American politics. In many countries the armed forces are sources of friction in hemisphere relations. They are a cause of concern for some officials in Washington because they constitute a heavy financial drain on the public treasuries, or because they have a propensity for involving themselves in politics, or both. Currently several of the major republics are at one and the same time seeking greater and greater amounts of United States assistance, while proposing to increase by tens of millions of dollars their spending abroad for military hardware, notably for supersonic planes. They do not need most of the arms they propose to acquire, but they want them either for prestige purposes at home and abroad or because their military establishments demand them in return for their support. Senators William Fulbright, Wayne Morse and Ernest Gruening take a dim view of such proposals, as did other senators before them and as, in all probability, others will after them. The cause for concern among some officials of our government becomes evident when it is appreciated that currently more than half of the total territory and well over 50 per cent of the total population of Latin America, including the inhabitants of relatively highly developed Argentina and Brazil, are living under status-quo-minded military regimes. Nevertheless all the present military govern-

ments enjoy the official blessings of Washington. This fact helps to keep alive tensions on Capitol Hill and provides ammunition for those in Latin America who are predisposed to label the United States as one of the principal forces for reaction in their republics.

LATIN AMERICAN ATTITUDES

Returning more directly to the Latin American contribution to hemispheric misunderstanding, the curricula of the Latin American universities, except perhaps the finest institutions in Chile, Argentina and Mexico, have not produced nearly enough rigorously trained social scientists who, as public and private bureaucrats, might make reasonably efficient use of the financial resources and technological skills available through external sources. It is no secret that highly trained personnel from more developed foreign countries and international organizations often find their Latin American counterparts frustratingly incompetent. (This is not to argue against the possibility that the pot may sometimes be guilty of calling the kettle black.)

Latin American universities probably can be faulted at another level. University politics—both the faculty and student varieties—too frequently have led to the neglect of rigorous training for future leadership and to an excess of training in agitational politics. As a consequence, students become alumni with an unwarranted regard for themselves and a patent disregard for the United States, based upon the partial digestion of the varied, if not necessarily intellectually enriching, theoretical tidbits tossed from podium and soap box. Among other things, their instruction, heavily larded as it is with Marxism, encourages them to interpret hemisphere relations in economic terms.

They thus commonly miss—or choose to ignore—the point that over time—and so today—United States interest in the Latin American republics, and most particularly in those bordering the Caribbean, has sprung first of all from its search for national security and not to protect United States business interests and the almighty dollar. If this

kind of educational approach is not so widespread in Latin America as some believe it to be—and it is not—it is still prevalent enough to give us reason to question the objectivity if not the sincerity of the future generation of leaders.

Their elders have hardly done better than the students themselves. Many, probably most, of Latin America's scholars and men of letters historically have been less than meticulous in informing themselves and their constituencies about the United States and its institutions. A decade ago in their curricula only one or two Latin American universities had even minimal offerings in United States studies manned by competent personnel. Probably no more than half a dozen universities have such programs today.

BASIC U.S. PREMISES

If on balance the Latin American contribution to hemispheric understanding and welfare has in a number of areas fallen below the level of reasonable expectation, it should also be added that Latin America has some cause to be bitter; and the United States has some duty to reflect. After making liberal allowances for the well-intentioned efforts of President Franklin D. Roosevelt as manifested in the Good Neighbor Policy, and of President John F. Kennedy as represented by the Alliance for Progress, the record of the United States relations with the Latin American republics stands devoid of imagination when not actually misguided.

Over a considerable period of time the relations of the United States with Latin America have encompassed only two very basic premises. The first premise is that citizens of the United States are ethno-culturally superior to those of the Latin American republics, and that their superiority is reflected in their institutions. The second premise is that the security of the United States is the number one problem of the hemisphere and that only the United States can determine how its security is to be guaranteed. Both assumptions were firmly entrenched in the minds of United States politicians well before 1930.

HISTORICAL CONDESCENSION

While the inhabitants of the old Spanish Empire were still battling against overwhelming odds to free themselves from the yoke of the mother country, United States agents to the area showed a markedly condescending attitude towards them.

Two examples of our early envoys will illustrate this point. During the late 1820's, the United States agent to Mexico, Joel Poinsett, became so involved in saving that country from itself that the Mexican government declared him *persona non grata*, and he was ordered to leave Mexico. About the same time William Henry Harrison, who later became President of the United States, was named minister to Colombia. He knew nothing about Colombia but he did not let his fund of ignorance in the field of administration, domestic or foreign, deter him. On the contrary, he gratuitously gave unsolicited advice to the brilliant Liberator Simón Bolívar on how to govern the nations he had created out of the collapsing Spanish Empire. When his counsel went unheeded, Harrison intrigued against the Liberator. He was finally instructed to leave Colombia.

MANIFEST DESTINY

The judgment that Latin Americans were ethno-culturally inferior sharpened when in the mid-1840's the United States conception of its manifest destiny moved Mexico into the range of its expansionist policy. In the course of the fiery exchanges during and immediately following the war between the United States and Mexico over whether or not Mexico should be annexed to the United States, the Mexicans, who wanted nothing more than to be left alone, were castigated by deprecating American politicians and journalists as Indians, mixed bloods, mestizos, sambos, mulattos and mongrel barbarians.

More than half a century later, on the occasion of the second meeting of the Pan-American Union held in Mexico City in 1901-1902, Dictator Porfirio Díaz, himself a mestizo, out of deference to the United States' racial attitudes, ordered that for the duration of the conference white-skinned

men should replace Indians as uniformed attendants in public buildings.

The second premise—that United States security must take precedence over all other hemisphere concerns—began as a logical projection of the United States belief that it somehow held the keys to heaven. Later that supposition was reinforced and given greater significance by the unfolding of United States sea power and the construction of the Panama Canal between 1890 and 1914; by the United States “being blessed” with infinite national resources of the kinds that industrialized nations require; and by the fact that during the early 1920’s New York had become the financial capital of the world.

As early as the 1890’s, Secretary of State Richard Olney had taken the occasion of the Venezuela-Great Britain boundary controversy to set the tone for the new era, in which the United States in defense of its own interest would assert its preeminence in the hemisphere. In a communiqué to the British Foreign Office, Olney served notice that “Today the United States is practically sovereign on this continent and its fiat is law upon the subjects to which it confines its interposition.” The United States thereafter moved quickly and firmly towards a go-it-alone policy. Theodore Roosevelt first “took Panama;” then, in a letter to Rudyard Kipling, labeled the recalcitrant Colombians a “corrupt pithecoid community,” and finally made the United States, in effect, the policeman of the hemisphere and its judge as well, by insisting that the Monroe Doctrine be interpreted unilaterally. By 1912, the United States overwhelming preponderance in Middle America had paved the way for the use by Washington of embargoes, diplomatic blackmail in its recognition policy, financial and electoral interventions, and the landing of Marines and soldiers ten times in six different countries within the next fifteen years.

U.S. POLICY TODAY

Today these two assumptions of superiority and strategic defense still determine the basic Latin American policy of the United States. Public denigration of Latin Ameri-

cans on ethno-cultural grounds is no longer in good taste. But that it persists just below the level of official respectability is not lost on our Latin American neighbors. It is not by accident that, as a body, Latin American ambassadors to the United States have very pronounced European features or that the first three Secretaries-General of the Organization of American States (O.A.S.) have had excellent physical credentials establishing their European backgrounds. All this from an area whose population, by our standards, is approximately 70 per cent non-white.

In the present day, the United States is still defending its hegemony in the hemisphere. Historically, the major European countries were considered potential competitors; today the United States principally fears communism—in its many and varied forms—and has decided to determine unilaterally when it poses a threat. The Cuban missile crisis of 1962 and the United States invasion of the Dominican Republic in 1965 are outstanding recent examples.

Some United States legislators appear to assume that to take liberties with the feelings of the Latin American recipients of aid and favors is one of the privileges of public office. Accordingly, some individuals, because they are sincerely well-intentioned and others simply because they are bursting with unthinking patriotism, lecture the Latin Americans on the virtues of democracy—blind to its failings at home.

Or they treat their neighbors as clients or as ungrateful beggars—seemingly unmindful of the fact that the United States “gives” Latin America relatively little that is not repaid with interest, and unmindful also of the fact that the United States is exploring the heavens while the poor inherit the earth. Or they threaten them with various kinds of reprisals when they do not appear as active as the United States in stamping out foreign ideologies; heedless of the possibility that even the great resources of the United States in and of themselves cannot guarantee victories fought in the name of unpopular causes. Or with very few exceptions they

either applaud or shake their heads in resignation when it becomes public knowledge that the United States has infringed the sovereignty of a Latin American nation.

Those were the reactions from Washington when, in 1954, the United States, through the Central Intelligence Agency, connived with Guatemalan reactionaries to overthrow constitutionally elected, leftist-leaning President Jacobo Arbenz. Those were the reactions in 1959 when Venezuelan students spat on Vice President Richard Nixon, and President Dwight D. Eisenhower as if by conditioned reflex readied the Marines rather than trusting a friendly Venezuelan government to protect its official guests. Those were the reactions, in 1964—even among legislators who professed to be anti-military—when the United States government took only a few hours to recognize the Brazilian junta composed of armed forces officers who had taken the lead in the overthrow of civilian President João Goulart.

Just the other day Covey T. Oliver, Assistant Secretary of State for Inter-American Affairs, informed Congress that a substantial cut in funds for social and economic development in Latin America could lead to violent revolution and widespread terrorism and the alignment of some governments with Communist countries. Because I favor aid to Latin America, I hope that Oliver's statement had the desired effect. But it is still a very irresponsible, meaningless statement. Of course there may be revolution and widespread terrorism if the United States reduces funds for social and economic development, and there may be revolution and terrorism if it does not.

There are two greater likelihoods. First, some countries may broaden their relations with Communist-bloc countries as an alternative to complete dependence on the United States, and they should not be criticized for doing so. (We make deals with Russia on a more or less continuous basis). Second, there is probably no better way to drive our neighbors into the Communist camp than for the United States to act as if it would be a catastrophe were this to happen.

IMPLICATIONS OF OUR POLICY

The all-pervading implication is that the United States determines Latin America's rate of development. Because the United States has not respected Latin Americans' abilities as individuals, we have not trusted them to know what is best for themselves. Because we have not had faith in their institutions, we have denied that their institutions could be depended upon to stand the stress of rapid change. Except in Mexico, Bolivia and Cuba, the total effect has been a tendency for the United States to take the initiative in inducing change and to throttle it down to where it can be safely guided. In very practical terms, the United States has left the responsibility for change in the hands of people and institutions it distrusts but not to the same extent that it distrusts the *untested* leaders and institutions of emerging social-economic groups. This means that although in the broadest sense the United States has not opposed change in Latin America, it has insisted that change take place under United States direction.

The United States has achieved its ends in various ways. In the political field, its lack of confidence in its allies has encouraged it to support the most socially conservative elements with any real prospects of winning popular elections. That this approach has sometimes driven the United States into association with reformist groups is an evident truth. For example, the United States supported the election of Christian Democrat Eduardo Frei who, in good faith, offered the Chilean voters one of the most socially and economically radical philosophies ever set forth on this hemisphere.

But the important lesson to draw from this development is that, as far as Chile is concerned, if Frei had not offered such an alternative, the elections would unquestionably have gone to a home-grown Socialist-Communist coalition. In that light, United States support of Frei does not prove the contention that we are becoming radical reformists; only that we are prepared to make minimum concessions to the mid-twentieth century.

ECONOMIC AID

In the field of economic and social assistance, the United States has kept its fingers on the pulse of change by channeling its contributions through establishments which tend to be controlled by the more European elements of society. The Alliance for Progress, for example, has been entrusted to leaders who are in basic agreement with Washington that their countries must at all costs avoid dictatorships of the "left," as the "left" is defined on the banks of the Potomac. As recently as March 23, 1968, Sol M. Linowitz, United States Ambassador to the Organization of American States (O.A.S.) stated in San Francisco that the United States role in Latin America is to prevent conditions "in which a despotism of the right can provide the foundation and impetus for a dictatorship of the left." In most cases those Latin Americans responsible for the success or failure of the Alliance for Progress consequently must hold to the position that it is better to risk too little than to risk too much.

This will not prevent the alliance from achieving some success, but it will surely prevent it from achieving enough. It is probable that it will continue more to enrich the privileged than to dignify the underprivileged. And the governments charged with implementing its programs will confidently act out their roles of appearing revolutionary without being subversive, while remaining inwardly secure in the knowledge that the United States is more concerned about a too rapid change than it is about no change at all.

In the realm of foreign policy the United States keeps alive the proposition that hemisphere matters should be resolved within the hemisphere, by agreement between individual nations or within the O.A.S., rather than through extra-hemispheric organizations. With this thought in mind the United States advertises the O.A.S. (which theoretically upholds the principle of one nation, one vote), as a vital, democratic agency for promoting hemisphere understanding. Our efforts have served to delude certain sectors

of the United States public, but no one else.

Informed Latin Americans are not deceived. They have been aware of the realities for years. They have known full well that the O.A.S. is first of all a means to give the appearance of collective action to what is actually the will and policy of the United States, but they cynically go along with it as a way of bargaining with the United States. Thus despite the profound cynicism upon which the organization rests and despite the fact that its administrative machinery is geared to an earlier age, by hemisphere consent it is from time to time injected with enough adrenalin to keep it gasping.

PRICE OF DISSENT

Between 1961 and 1964, Presidents Jânio Quadros and João Goulart of Brazil learned the price of dissent. Both made the mistake of deciding that the nation was mature enough to make its own mistakes and to decide its own destiny; that it no longer required the tutelage of any country; and that in fact it should take its place with the great powers of the globe. The latter claim might have led the United States to question their perception of the world, but it should not cause the United States to question their intentions. As evidence of their serious intent to enhance Brazil's stature, they increased her ties with Iron Curtain and so-called neutral nations and announced their determination to reduce Brazil's dependence upon the United States. Simultaneously they sought to launch their nation on the wider waters of world politics, where it could conceivably win the kind of international recognition that it could not

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"There appears to be a widespread, although as yet poorly articulated feeling that the political price paid for the economic recovery of Brazil has been too high. Even those civilians who welcomed the revolution in 1964 . . . now question whether such a drastic revision of the political situation was necessary. . . ."

Brazil: Second Phase of the Revolution

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IN MARCH, 1969, President Artur da Costa e Silva will complete half of his elected four-year term of office, and Brazil will mark the fifth anniversary of the revolution that launched the most sweeping political change the nation has experienced since 1945. The two occasions will call for a review of the record and—if admirers and critics of the current situation run true to form—will evoke a great deal of conflicting comment and testimony about the achievements and failures of the revolution and of the Costa e Silva administration.

To the casual observer it may well appear that two different Brazils are being described. The President and his ministers may be expected to present a glowing account of progress by a sovereign, democratic republic that is containing inflation, forging a prosperous economy, and redressing imbalances between regions and classes in pursuit of its destiny as a world power. Opposition spokesmen will doubtless continue to portray Brazil as the victim of an oppressive dictatorship that has destroyed personal freedom and doomed the country to political and cultural stagnation under unimaginative, military leadership subservient to the United States. Each of these interpretations ignores or glosses over much that is incompatible with its conclusions. When allowance is made for exaggeration and omission on both sides, however, it should be possible to determine the main outlines of

the contemporary scene in Brazil and to project probable trends over the near future.

The situation in Brazil today defies the usual stereotypes applied to Latin America. The present government is certainly not a military regime in the classic mold, much less the reactionary dictatorship its opponents allege it to be. The country is administered under a national charter formally approved by a congress chosen by secret ballot in free elections. The balance of power between the executive, legislature, and judiciary was altered in the constitution of 1967 to enhance the authority of the President, but the jurisdiction of each branch of government as outlined in that charter is scrupulously observed. Non-violent criticism of administration policies and the men who implement them—criticism every bit as virulent as any hurled against policies and politicians in the United States—is tolerated as an everyday occurrence. As in the United States, force is used to suppress dissent only when, in the opinion of the authorities, that dissent poses a threat to life and property.

In its foreign policies, the revolutionary government accepts the premise that the national interests of Brazil and those of the United States coincide to a considerable degree. Nonetheless, wherever these interests diverge, in its judgment, the Costa e Silva administration does not hesitate to oppose the United States position—as in its continuing

refusal to accept any form of international limitation on Brazil's future development of a nuclear potential for peaceful purposes. Clearly, this government is not a lackey of the United States.

The record is clear on these points, yet it is equally apparent that the people of Brazil do not have the measure of open, representative democracy they enjoyed before the revolution of 1964. They can no longer vote directly for President. Old familiar political parties have been abolished. Many of their leaders are in exile and others, including two former Presidents, have been excluded from the political process for a decade that still has five years or more to run. The military presence in government is nearly as conspicuous as it was under President Humberto de A. Castello Branco from 1964 to 1967. The presidency, cabinet posts, and other key administrative positions are filled predominantly by men who have spent much or all of their professional life in uniform. Even though many of these men, including President Costa e Silva, are now technically civilians because they have retired or transferred to the reserve, their outlook cannot fail to be colored by their military experience and to reflect the bias of the professional soldier—a bias that equates the flexibility and pragmatism of the politician with deviousness and irresponsibility, and places a premium on order, efficiency and respect for authority within a well-defined chain of command.

THE ECONOMY

Out of the welter of contradictory claims and assertions about the present state of Brazil, one indisputable fact emerges: overall the national economy is in better shape than it has been for nearly a decade. The goals of the revolution have not been fully attained, but all indicators confirm the constructive material and psychological impact of the economic policies—wage controls, credit restrictions, new taxes and progressive disinflation—imposed by former President Castello Branco and followed without substantial change by Costa e Silva. The increase in the cost of living was out of control before the

revolution and rose by 86 per cent in 1964. It was held below 25 per cent in 1967, and was rising at an even slower rate through August, 1968—the last month for which data were available at the time of writing.

The pattern is similar when presented in terms of growth of Gross National Product, which had been outstripped by the population explosion in 1963. The downward trend was reversed by the revolution. The increase in GNP reached 4.4 per cent in 1966. It rose by 5 per cent in 1967—to the equivalent of \$315 on a per capita basis—and promised to surpass that mark by a respectable margin in 1968. Tax receipts and government expenditures are up, reflecting business expansion and stiffer penalties for tax evasion on the one hand, and sustained massive public investment in the economy on the other. Agricultural and industrial productivity, while still low by United States or West European standards, is rising; a broad range of exports has increased significantly; and Brazil now enjoys a favorable balance on a larger volume of foreign trade than before the revolution. Above all, both at home and abroad confidence has been restored in the Brazilian economy and in prospects for its continued growth. There is even a growing market for government securities, and Brazil's credit rating in the market places of the world once more is excellent.

THE WAGE LAG

Even the most ardent supporters of the revolution acknowledge, however, that there are some dark spots in this generally bright picture, chiefly among wage earners. Organized labor has not benefited materially from the economic gains registered under the two revolutionary regimes since 1964, although these governments have been quick to point out that the position of labor would long since have become untenable had the trends of the early 1960's been permitted to continue. As part of its campaign to break the vicious upward spiral of wages and prices that was both cause and effect of the inflation corroding the economy before 1964, the Castello Branco administration enforced

stringent wage ceilings, banned most strikes, and allowed unemployment in industry to reach dangerous levels for a time while management was adjusting to the new situation.

Even though occasional wage raises were conceded, the gap between labor's income and the cost of living was, in effect, built into the government's program for economic development. As living costs continued to rise, the workers' real income actually declined. Under President Costa e Silva, who has promised to "humanize" the revolution, this policy has been relaxed and the gap has been narrowed somewhat. Laborers and white collar employees of industry, commerce, and government have received an across-the-board salary raise, and the labor ministry is studying a plan for automatic adjustments pegged to changes in the cost-of-living index. The plan, if adopted, will prevent a serious deterioration in the real income of the working man, but at the same time it will guarantee that wages continue to lag behind prices. For the great majority of Brazilian workers who earn a minimum wage, there is no prospect for any significant improvement in their standard of living.

It is one of the ironies of the revolution that its leaders—men who protested the growing statism of João Goulart's administration and who have since lost few opportunities to reiterate their faith in private enterprise—have plunged the national government more deeply and directly into the economy of the country than ever before. This anomalous situation is a logical outgrowth of the policies pursued simultaneously to stem inflation and to foment economic development. By drastically restricting credit to the private sector while raising taxes on income and profits, inflation was gradually reduced to manageable proportions, but the process of domestic capital formation was likewise slowed. There were simply not enough private funds available to meet the needs outlined by government planners. Moreover, those Brazilians with capital to invest tended to avoid areas in which profits were low or uncertain, no

matter how important such areas might loom in the administration's blueprint for economic growth.

Foreign private capital was encouraged to enter Brazil, but it, too, sought the more lucrative opportunities and, in any case, was barred from large sectors deemed vital to national security. Convinced that large and continuing investments were essential for economic recovery, under the circumstances, the federal government stepped into the breach with its own resources and funds borrowed from foreign powers and international lending agencies. By 1968, the state accounted for 60 per cent of the investment in the Brazilian economy. Brazil's present leaders appear to expect that private enterprise will soon be able to assume a portion of this burden. To date, however, except for the offer to sell the government-owned National Motors Factory to private industry, they have done little to curtail the role of the state in the economy.

The so-called economic infrastructure has top priority for federal investments, while social services such as public health, housing, and education receive smaller but still considerable sums. The Costa e Silva administration has adopted an ambitious plan for national development. This three-year (1968-1970) program calls for dramatic growth in the fields of basic industry, transportation, fuels and power, upon which other economic growth depends. For example, the output of steel ingots by the National Steel Company is to be nearly doubled to 2.5 million tons by 1970; by that date, Brazil is to be self-sufficient in the processing of crude petroleum; and in the same span the installed facilities for generating electric energy are to be raised from 8 million to 11 million kilowatts. The latter project alone, which involves the expansion of eight existing power plants and the completion of 18 new ones now under construction, is expected to cost NCr\$ 6 billion¹ (about \$2 billion) over the three-year period.

Far less costly, but more conspicuous and better publicized, is the highway program, which is based on plans and projects elaborated over the past decade. Under the direc-

¹ The New Cruzeiro (NCr\$) was introduced in February, 1967, equivalent to 1,000 old cruzeiros.

tion of Colonel Mario Andreazza, minister of transportation, inter-urban and inter-regional routes are being extended, opened, or surfaced in every major section of the country. The current program is part of a continuing effort to draw the outlying areas of the nation into a network that will facilitate communications and travel and expand the limits of the domestic market for Brazilian agriculture and industry.

Since 1964, both revolutionary regimes have accepted a formal commitment to promote economic growth and social progress in all parts of Brazil. As a practical matter, the more highly developed sections of the country that are best equipped to absorb capital and modern technology—the São Paulo-Belo Horizonte-Rio de Janeiro triangle and the states of Paraná and Rio Grande do Sul—continue to receive the lion's share of new investments, public and private, domestic and foreign. It could hardly be otherwise, in view of the overriding pressure for industrialization, which is a long-standing national aspiration as well as a primary target of the revolution. Nonetheless, the present government, enlarging upon projects initiated before 1967, is diverting a somewhat higher proportion of the funds and talents at its disposal to the socio-economic problems of "neglected" regions than any administration in the history of Brazil.

THE NEGLECTED REGIONS

The bulk of this effort is directed toward the Northeast and the adjoining states of Sergipe and Bahia. The coordinated program—involving international, federal, regional and state agencies—touches every aspect of life in the Northeast, but is focused heavily on public works, industry and the region's traditional exports—plantation products and minerals. The National Petroleum Corporation (Petrobrás) has concentrated much of its activities in this region, which contains Brazil's only producing oil fields. It is expected to spend about NCr\$ 1 billion for prospecting alone in 1969. The Northeast Development Agency (SUDENE) and the federal Bank of the Northeast have been

generously financed, and the scope of their activities has broadened, particularly in the search for new natural resources and industry. During the first half of 1968, for example, the Bank of the Northeast applied over NCr\$ 700 million in credits, largely for improvements in agriculture and the creation or expansion of basic service industries. The program of tax incentives offered to Brazilian and foreign industrialists willing to open factories or branch plants in the Northeast is beginning to bear fruit. SUDENE, moreover, receives 30 to 40 inquiries about new industrial projects each month.

In the underpopulated but rapidly growing Central-Western region of Brazil, the Costa e Silva administration is proceeding with the gradual transfer of the operations of government from Rio de Janeiro to Brasília, and is pursuing the road-building program designed to make the inland capital the hub of the national highway system. The huge hydroelectric projects now under way on the Rio Grande and the Paraná, which in the short run will avert the danger of power shortages in the industrialized areas of São Paulo and Minas Gerais, will also assure the further progress of the Federal District and substantial sections of Goiás and Mato Grosso. As for the North, even though Costa e Silva has stated publicly that the development problems of Amazonia will take decades to resolve, his administration has in fact raised the level of federal investments moderately in that region.

HEIRS OF THE REVOLUTION

Despite the impressive material progress that is being achieved, the Costa e Silva administration has been unable to excite the imagination or to generate the kind of popular enthusiasm that accompanied Juscelino Kubitschek's campaign for "fifty years of progress in five" in the late 1950's and swept Jânio Quadros into office with a "new broom" in 1961. As the heir of the revolutionary regime imposed on the nation five years ago, it must accept partial responsibility for the repressive as well as the constructive acts of that regime. President Costa e Silva

and his staff look upon the revolution as a crusade to elevate moral and ethical standards in public life, to spur national development, and to promote the general welfare of the Brazilian people. They assert that it is now entering a second and milder phase in which popular aspirations can be accommodated without diminishing the rate of economic growth. Unlike President Castello Branco—who ignored public opinion while administering unpalatable remedies to purge the body politic and to speed recuperation of the economy—they have appealed repeatedly for public understanding and sympathy, but with indifferent results. The regime appears to suffer less from the actions of its enemies than from the absence of dedicated friends. Overt hostility is restricted to a relatively ineffective minority of students and intellectuals, but no equally fervent group has risen to its defense. The government prefers to regard this situation as transitory and to attribute it to residual discontent over belt-tightening measures adopted in 1964 to revive the economy. It anticipates growing popular acceptance as the economic situation continues to improve. By this line of reasoning, public esteem for the current leadership should rise with each drop in the rate of inflation and each increase in the Gross National Product. But such is not the case.

There appears to be a widespread, although as yet poorly articulated feeling that the political price paid for the economic recovery of Brazil has been too high. Even those civilians who welcomed the revolution in 1964, on the grounds that heroic measures were required to cope with the desperate economic situation, now question whether such a drastic revision of the political situation was necessary, and whether economic recovery might not have been accomplished under civilian leadership. The most bitterly criticized act of the Castello Branco administration was the decree—subsequently incorporated into the constitution of 1967—providing for indirect election of the president, state governors and mayors of state capitals. This limitation of the rights of the electorate was accepted by a reluctant congress as a tempo-

rary expedient during a moment of crisis, with the expectation that it would be reversed by President Costa e Silva. A recent series of public opinion polls has revealed continuing overwhelming opposition to the law. Yet it remains in force.

The government's image is not apt to improve sharply in the near future, for the Costa e Silva administration is adamant in precisely those areas that disturb the politically conscious civilian population. It refuses, for example, to consider either a general or selective amnesty for those who were purged by the revolution as corrupt or politically dangerous, even though men such as ex-Presidents Kubitschek and Quadros retain a large popular following. The officers and former officers now in decision-making positions in Brazil lack confidence in the ability of the ordinary citizen to choose his leaders wisely, and their worst fears seem to be confirmed by polls showing that one or another of the politicians now excluded from political activity might win the presidency if allowed to run in direct elections. The men who made the revolution are convinced they saved Brazil from chaos and communism, and are determined that the nation shall not fall again into the hands of "irresponsible demagogues." Costa e Silva himself has made it clear that there will be no retreat from the present constitution and laws empowering an electoral college—in which the administration party will hold a two-to-one majority—to choose his successor. In his view the revolution has established a responsible political system which must be given a fair chance to prove its worth.

This responsible system includes the broad definition of national security—normally the province of the armed forces—that is now being applied to a range of political, economic and social matters not ordinarily within the purview of the military. Under the present administration, representatives of the armed forces predominate on the National Security Council, which has been given greatly increased authority to recommend and review national policies, both domestic and foreign. On this score there has been

pointed criticism of the regime's alleged disposition to reshape Brazil according to plans drawn up in the Superior War College rather than to govern in response to the needs and desires of the people.

While such criticism may exaggerate the influence of the armed forces *per se* in the Costa e Silva administration, there is little doubt that the government takes a predominantly military view of Brazilian problems. The current leadership regards the task of governing Brazil as a monumental challenge in problem solving, and is favorably disposed toward the classic military approach, with its careful examination of the situation, clear definition of objectives, and patient staff planning of the blueprint and timetable to be followed in reaching those objectives.

Nowhere is this more clearly revealed than in the National Strategic Concept, a document prepared by the secretary-general of the National Security Council to govern the "second phase of the democratic revolution." The document, as reported in the press, reaffirms the overriding preoccupation of revolutionary policy with "development and security." It identifies seven permanent national objectives—"representative democracy," "national integration," "territorial integrity," "social peace," "international prestige," "national prosperity," and "national sovereignty"—and indicates in general terms the steps to be taken in the political, economic, military and social fields to further these objectives. The logic of this approach to the solution of national problems is self-evident to its supporters, who believe that the people, too, will come to see it as entirely rational if it is carefully and repeatedly explained to them. For this reason, "clarification of public opinion" is a continuing concern to the Costa e Silva government.

In a sense, the present administration is merely more explicit than its predecessors in spelling out the national interests and in attempting to assure that these interests are safeguarded in every area of governmental activity. The goals it sets forth are similar if not identical with those in Kubitschek's "program of goals" a decade ago and in

João Goulart's "three-year plan" of 1963. The current program, however, seems less flexible, leaving little room for the influence of pressure groups and none for free-wheeling public debate over the best means to attain permanent national objectives. It focuses primarily on the need for rapid material development and assigns a relatively low priority to policies looking toward social reform. It says nothing, for example, about agrarian reform, even though the revolutionary regimes have cleared away long-standing legal obstacles to change in this area. And it pays less attention than the public would prefer to such issues as education, urbanization and the aspirations of the rural populace.

These issues are potential sources of trouble for the administration. In the absence of a broadly-based opposition party, for the first time in this century the Roman Catholic Church is assuming a political role as the advocate of social justice. Clerical protest, made largely on behalf of students and the rural poor, has not yet reached alarming proportions, but a series of explosive incidents or dramatic blunders by the government could convert it into an effective opposition.

Nonetheless, prospects for a clash are slight, for neither the regime nor any significant segment of the civilian population is seeking a direct confrontation. Since it can rely upon the solid support of the armed services, the government could cope with any foreseeable opposition; but it prefers to prevail by persuasion rather than force. In turn, the civilians—who feel the time is overdue for the military to return to the barracks—wish to avoid any situation tending to delay the restoration of civil power in Brazil.

These views are increasingly held by Brazilians
(Continued on page 52)

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In this review of the often stormy Panama-United States relations since the building of the canal, this author points to the possibility that "If the new treaties are approved by Panama's National Assembly and the United States Senate, the historic relationship between the two nations will be altered to a considerable degree."

The United States and Panama: The Burden of Power

BY LESTER D. LANGLEY

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THE Isthmus of Panama has historically attracted the attention of the major powers, for the narrow passage between the oceans possesses vital strategic and commercial importance. Spanish merchants and soldiers employed the jungle trails to transport Peruvian riches to Caribbean ports, where galleons waited to carry the Inca treasure to Europe. Sir Francis Drake and Sir Henry Morgan, the most notorious English buccaneers, raided the isthmian cities of Portobelo, on the Caribbean side, and Panama (now old Panama), the ruins of which bear mute testimony to English attack.

The United States was a latecomer to the isthmus. Before the 1840's, when Mexico was defeated and California annexed, official contacts between the United States government and this area were sporadic and incidental. In that decade, however, the United States challenged British hegemony in Central America, negotiated a transit treaty with Colombia, and in the Clayton-Bulwer Treaty of 1850 gained equality with Great Britain in the construction of any future canal. The agreement with Colombia (usually called Bidlack's Treaty) allowed the United States to build *any* kind of transportation system—railroad, stagecoach, or canal—across the isthmus of Panama—then

a part of Colombia. In return, the United States guaranteed Colombia's sovereignty over the isthmus.

A trans-isthmian railroad, completed in 1855, served as a major link between the oceans, but most observers believed that Nicaragua, not Panama, was better suited for a canal. When the French, under Ferdinand de Lesseps, organized the Panama Canal Company and began work in 1878, the United States became increasingly alarmed that a foreign power might transform the future canal into a military weapon. In 1880, President Rutherford B. Hayes called for United States control of an isthmian waterway, and the fulminating Secretary of State, James G. Blaine, warned a year later that European domination of an isthmian canal would violate the Monroe Doctrine. De Lesseps' French-based company was viewed by many Americans as the advance agent of French domination. But disease and financial mismanagement doomed de Lesseps' heroic effort and the isthmian canal remained a dream in the minds of men.

TREATY NEGOTIATIONS

The Spanish-American War and subsequent United States penetration into the Caribbean increased awareness of the strategic value of Panama. During the war, the

United States battleship *Oregon* had taken what seemed like an eternity to sail from the Pacific coast to the Caribbean, and military strategists now saw an isthmian canal as a way to protect both seacoasts. President Theodore Roosevelt, who was inclined to look upon the Caribbean as a private American lake, favored a Panamanian over a Nicaraguan canal. In 1901-1902, the President negotiated a treaty with Great Britain granting the United States unilateral control over a canal and a second treaty with Colombia allowing the United States to construct a canal in Panama. The latter treaty, however, ran afoul of political sentiment in the Colombian assembly, where it was defeated.

The rejection of the canal treaty deeply wounded Roosevelt's pride, but in November, 1903, he was able to achieve his object through other means. Throughout the nineteenth century, Panamanian revolutionists had strived sporadically to overthrow Colombian rule but had never succeeded. The revolution of 1903 was successful because the conspirators had outside support from the United States. In this instance, the *agent provocateur* was Philippe Bunau-Varilla, a consummate actor who represented the financial interests of the bankrupt New Panama Canal Company of France. This organization had no intention of restarting the canal but expended every effort to sell its holdings to a munificent United States. Bunau-Varilla maneuvered in Washington in the fall of 1903 and gained an audience with Secretary of State John Hay and President Roosevelt.

Neither openly committed military aid to the Frenchman and his Panamanian cohorts, but Bunau-Varilla concluded from their utterances that the United States, rebuffed by Colombia, would support a Panamanian revolution. As a matter of fact, United States officials on the isthmus knew most of the details of the conspiracy, even to the time the plotters would make their first move. The declaration of Panamanian independence was proclaimed on November 2. Almost simultaneously, orders were sent out from the Navy Department to the U.S.S.

Nashville, a United States warship cruising in the Caribbean, to protect the transit route by preventing any Colombian landings. The legal basis of United States action against Colombia rested on its 1846 guarantee to that country. Some Colombian forces disembarked but were unable to change the course of events and departed on November 5. The United States extended *de facto* recognition to Panama on November 6 and *de jure* recognition on November 13. Bunau-Varilla became Panama's first representative to the United States.

Panamanians are still angry over the circumstances by which the first United States-Panamanian canal treaty was drawn up and signed. Although Bunau-Varilla received legal authority from the revolutionary junta to negotiate a treaty, he nevertheless failed to represent fully the interests of Panama. In fact, the Frenchman spoke for the bankrupt French canal company, which expected to sell its holdings to the United States.

In Bunau-Varilla's view, the new canal treaty would have to be so favorable to the United States that the United States Senate would not reject it. When Hay proposed his draft of a canal convention, which was in reality a slightly-altered version of the abortive Colombian pact, Bunau-Varilla responded with a substitution even more favorable to the United States. He sent it to Hay on November 16, and two days later the two diplomats signed the Hay-Bunau-Varilla treaty.

THE HAY-BUNAU-VARILLA TREATY

The clauses of the treaty were written to facilitate the immense task of constructing a canal. The United States was granted "in perpetuity the use, occupation and control" of a ten-mile-wide zone (Article II) with the right to exercise "all the rights, power and authority" in the zone as "if it were the sovereign of the territory. . . ." (Article III.) Article V conceded to the United States a "monopoly for the construction, maintenance and operation of any system of communication by means of canal or railroad" across Panama. Canal authorities

might petition for annexation of additional lands and waters outside the canal zone if these proved necessary in maintaining or defending the waterway. (Article II.) In Article VII, the United States obtained the right to police Panama City and Colón, the terminal cities at each entrance to the canal, in the event Panama was unable to maintain order. Finally, Panama agreed to levy no taxes on the canal company, its auxiliaries or employees, or the Panama Railroad Company; to admit West Indian and European workers into the zone; to modify or abrogate any treaty damaging United States interests; to allow the United States military to erect fortifications in the canal zone; and to refrain from signing any treaty or law that impaired American rights. Article I of the treaty created a Panamanian protectorate by allowing the United States to guarantee and "maintain the independence" of the republic.

In return, Panama received the privilege of sending official messages over United States telegraph installations and of transporting supplies and troops through the canal, free of charge. The United States agreed to pay \$10 million in gold for the canal concession and a \$250 thousand annuity. (Years later, many Panamanians contended that, inasmuch as the Panama Railroad had paid a \$250,000 annuity to Colombia, the United States obtained the railroad *and* the canal for the same rent.)¹

At first, the Panamanian government accepted the 1903 treaty concessions as a temporary device that expedited the completion of the canal. Roosevelt, who later boasted, "I took Panama," was actually more considerate of isthmian prerogatives in the canal zone than many of his successors. And other Latin American countries, whose economies would be enhanced by the transisthmian route, marveled at the United States technological and scientific expertise that succeeded where the French had failed. When the canal was officially opened to

traffic in 1914, Panamanians expected the United States to reduce the canal work force to a skeleton crew and to exercise only the most essential controls in the canal zone.

Instead, the process of "Americanizing" the canal zone proceeded almost unabated. The Stars and Stripes replaced Panamanian colors; zone officials established separate educational, medical, and police structures; and United States practices, particularly segregated public facilities, found their way into zone life. Panamanians who had believed that the labor force would be composed primarily of their own people soon discovered that the United States managerial establishment preferred English-speaking West Indian Negroes, who accepted readily the "tropical" wages of the "silver roll."

The more lucrative "gold roll" positions were reserved for skilled workers from the United States. In the late 1920's and early 1930's, when the Great Depression hit the isthmus, Panamanians deeply resented the Negro immigrant who was given preference in unskilled canal employment.

The 1920's and 1930's witnessed a rising tide of nationalism in Latin America, and Panama was caught up in the furor of an anti-United States movement. In 1931, a coup led by *Acción Comunal* overthrew the government, and the following year its political impact was manifested in the election of Harmodio Arias, Jr., as President of the republic. Harmodio and Arnulfo Arias were both products of that segment of the Panamanian elite that employed the United States presence in the canal zone as an effective vote-getting device.

President Harmodio Arias visited President Franklin D. Roosevelt in Washington in October, 1933. Roosevelt's pledges of a "good neighbor" policy for Latin America were thus to be tested in the most sensitive strategic spot in the hemisphere. The Roosevelt-Arias accord promised more consideration for Panamanian workers in the canal zone, and the two governments started work the following year on a new canal treaty.

After 110 conferences between 1934 and 1936, the treaty of 1936, which modified the

¹ The complete text of the Treaty of 1903 is contained in Department of State, *Foreign Relations of the United States, 1904* (Washington, 1905), pp. 543-551.

1903 arrangement, was announced. The Panamanian protectorate was abrogated, local merchants were promised better access to the zone tourist market, and Panama was granted a participatory role in canal defense. The Roosevelt administration increased the canal annuity from \$250 thousand to \$436 thousand in order to compensate Panama for the 1934 devaluation of the United States dollar.

The most troublesome issues of the late 1930's and early 1940's were those relating to implementing the 1936 accord and to safeguarding the canal in World War II. For three years, the United States Senate delayed approval of the 1936 treaty. In part, this was due to military warnings that the agreement failed to provide adequate safeguards, and in part it was caused by a hostile reaction to Roosevelt's "court-packing" scheme of 1937. War Department planners, who had heretofore followed the "fortress" concept of canal defense, now began to alter canal strategy drastically, taking into consideration the possibility of an air attack against the vital locks which, if blown apart, would paralyze canal operations. While it was politically feasible and desirable to relinquish the Panamanian protectorate, they argued, it might prove militarily foolhardy.

One week after Germany's attack on Poland in 1939, the War Department submitted a long list of defense sites that would be necessary if canal defenders were to protect the waterway against an air attack. With the exception of Río Hato—already leased from a private citizen—the sites were only an acre in size. Nonetheless, the urgency with which the military pursued the leases was political dynamite, for Panamanian politicians complained that the United States was attempting to create "little canal zones" all over the republic.

When Arnulfo Arias became President in October, 1940, he refused to approve the leases until the War Department reduced substantially its claims for complete authority on the bases and especially its request for 999- (not 99-) year agreements. Actually, Arias wanted further economic considerations

for Panamá, and he demanded United States assistance in the completion of a dozen projects, at an estimated cost of \$25 million and a 50-year prepayment of the canal annuity. By mid-1941, the military had occupied the sites under the provisions of the 1936 treaty, but without a parallel accord with the Arias government. United States Secretary of State Cordell Hull wrote in unpublished memoranda his conviction that Arias was a proto-fascist, and, when Arias was ousted in a coup in October, 1941, the Roosevelt administration was undoubtedly relieved. Arias' successor expedited the defense sites agreements.

Wartime relations were outwardly cordial, but the Panamanian government continued to advance its own interpretation of the defense sites lease and to claim economic assistance originally demanded by Arias. Some of the commitments were honored, but never to isthmian satisfaction, for the United States seemed to be much more concerned with the issue of canal defense than Panamanian economic development. Many Panamanians believed that the large number of United States troops stationed around the country would not be demobilized after the war.

POST WORLD WAR II

After the Japanese surrender to United States General Douglas MacArthur on the *Missouri*, September 2, 1945, the Panamanian populace demanded evacuation of the sites within a year. When the government sent an official request, the Department of State waited 11 months to reject Panamanian claims and included in its reply a counter-proposal for a new defense sites pact. Panama's President, Enrique Jiménez, finally agreed to commence negotiations, but only after United States troops evacuated the sites established under the wartime agreement. Anti-United States sentiment, however, had made a deep impression on the National Assembly, which, under relentless pressure from a xenophobic press, labeled the new defense leases a sellout and rejected them unanimously on December 22, 1946.

The postwar decade witnessed increased

Panamanian dependence on the canal and a resurgence in isthmian demands that the 1903 treaty must be modified once again. Few zone policies, Panamanians claimed, had really changed: the canal zone establishment had not ceased in its efforts to recreate a United States enclave in the tropics; the old classifications of "gold" and "silver" workers still persisted; and public facilities remained segregated. United States citizens enjoyed all the benefits of a planned society while Panamanians, who asserted their claim to sovereignty in the canal zone in strident terms, barely survived in filthy tenements a few blocks from the zone boundary.

Zone residents observed that they did not create Panama's slums and that it was only fair for skilled United States workers to enjoy most of the benefits of stateside living. The canal, after all, represented a tremendous financial and human investment, and it should be protected and maintained by the best trained labor force. Several United States commentators rightly observed that Panama's ruling families—perhaps the most socially irresponsible in Latin America—tolerated isthmian poverty and conveniently used the canal issue as a political weapon to remain in power.

Nevertheless, in the 1950's the United States extended further concessions to Panamanian demands in another treaty. The isthmian politician who claimed victory in the signing of the 1955 treaty (which increased the canal annuity to \$1,930,000) was Jose Antonio "Chichi" Remón. Remón came to power through the *Guardia Nacional*, Panama's only police force. And although his administration was tainted by corruption, he made a dignified appeal to President Dwight D. Eisenhower and won significant economic victories in the new treaty. The Eisenhower-Remón treaty did not replace Bunau-Varilla's creation, but at least it advanced isthmian economic penetration of the zone's commercial life.

Reflecting on the gradual but inevitable trends in United States-Panamanian relations, thoughtful critics viewed the riots of 1959 and 1964 as a tragic failure of Pan-

manians to recognize the immense American financial and technological commitment to the canal and the republic. Attitudes polarized as the 1956 Suez crisis provided Panamanian spokesmen with a convenient example for proving their claim that a small nation might successfully challenge a mighty one. At the same time, the United States Citizens Association, an organization representing canal zone employees, appeared to be winning United States congressional adherents by arguing that gradual surrender to Panamanian demands would inevitably bring total Panamanian control of the United States vital transisthmian waterway.

THE FLAG ISSUE

In these circumstances it is easy to see how the "flag" issue became so crucial. The riots of November, 1959, ostensibly emanated from the Panamanian attempt to fly the republic's colors in the zone as a symbolic gesture of "titular sovereignty." The leaders of the flag-flying parade were not street agitators but Ernesto Boyd, former Panamanian representative to the United Nations, and Ernesto Castillero Reyes, the republic's best-known historian. Once the marchers arrived at the zone's entrance, their leaders quickly lost control of the situation, and a scuffle ensued between zone policemen and several members of the parade.

Later, Panamanians claimed that one of the policemen had desecrated the republic's colors and, in retaliation, a mob gathered at the United States embassy, hauled down the Stars and Stripes, and ripped it to shreds. Another crowd of "invaders" battled police and, later, United States Army troops at zone entrances. Zone officials placed the republic off limits and curtailed food purchases in Panama, which was soon interpreted as economic reprisal. Zone residents blamed the riots on "Red-inspired troublemakers." Panamanian newspapers, however, were no less emotional as they reported the disturbances in inflammatory language and tasteless cartoons.

President Dwight Eisenhower had already been moving in the direction of Panamanian

demands by partial concessions on the flag-flying issue. On December 1, 1959, he announced at a press conference that Panama deserved some "visual evidence of titular sovereignty" in the canal zone. In September, 1960, the United States President authorized the flying of both colors in Shaler Triangle, a small plot alongside the zone boundary. This decision brought some opposition from the United States—as the White House Mail Room count soon showed—but President Eisenhower nonetheless remained convinced that the Panamanian nationalists would be satisfied. In 1962, United States President John F. Kennedy and Panamanian President Robert Chiari agreed to extend the flying of Panama's flag to other sites in the zone and, more importantly, to resolve the persistent economic grievances that divided zone and Panamanian merchants and workers.

The January, 1964, riots, like those of 1959, were also directly linked to the flag question. United States and Panamanian officials had agreed that both flags would be flown at the Bridge of the Americas and the canal administration buildings in Balboa and Cristóbal. But arguments over the constitutionality of this decision brought inevitable delays and the Kennedy-Chiari agreement, which might have mitigated the increasing antagonism, was not immediately put into effect. In January, 1963, the zone governor announced that both flags would fly in 17 different places throughout the zone, and in December he ordered the removal of the United States flag from other sites. Some of the zone inhabitants refused to abide by the order and were determined to raise the Stars and Stripes in other places. One of these was the flagpole of Balboa High School. When school officials took down the flag, angry students ran it back up the flagpole, posted guards, and appealed for aid from their sympathetic parents. News of the incident at Balboa angered students at the Panamanian National Institute, and they decided to raise their colors in front of Balboa.

The confrontation at the flagpole, a temporary victory for zone residents, was fol-

lowed by a riot in the city of Panama. Within a short time the situation degenerated into a battle at the zone line between Panamanian crowds and snipers on one side, and zone policemen and troops on the other.

The 1964 disturbances laid the foundation for a new series of treaty discussions, for Panama—which broke diplomatic relations in January with the United States—refused to renew relations until the United States pledged to work on the entire range of canal issues. Not until December, 1964, did President Lyndon B. Johnson's administration accept Panama's argument for a *new* (not modified) canal treaty. When President Johnson announced the decision to negotiate a new canal treaty, he especially drew attention to plans for a sea-level canal. Following almost three years of discussions, three new treaties were produced in July, 1967.

If the new treaties are approved by Panama's National Assembly and the United States Senate, the historic relationship between the two nations will be altered to a considerable degree. Under one new canal treaty, Panama will possess joint authority in the canal area (the term "canal zone" is offensive to Panamanians), for the old zone will be under the supervision of a joint administrative board, composed of five United States citizens and four Panamanians. Panama's canal compensation will be based on the tonnage shipped through the waterway, not an annual rental. The other treaties refer to a defense area and a new canal. Panama is obligated to participate in canal defense and she will receive greater jurisdiction over defense areas than she has in past defense sites agreements.

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Lester D. Langley has published articles on inter-American affairs in several journals. His book on *The Cuban Policy of the United States* (New York: John Wiley and Sons, Inc., 1968), appeared as the first volume in a new diplomatic series, "America and the World." He is currently working on an interpretive history of international rivalry in the Gulf-Caribbean area.

"The O.A.S. has long made a habit of spinning forth grandiose designs that are utterly unrealistic. . . . Yet the Organization is turning toward the development sphere, indicating that it is at least aware of the major problems confronting the Americas."

New Leadership for the O.A.S.

BY GEORGE W. GRAYSON, JR.

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THE ORGANIZATION OF American States (O.A.S.) succeeded the Pan American Union as the keystone of the Inter-American system in 1948. It was intended as a regional agency of the United Nations designed for the American states

... to achieve an order of peace and justice; to promote their solidarity, to strengthen their collaboration, and to defend their sovereignty, their territorial integrity and their independence.¹

The charter created instruments to secure these objectives: an Inter-American conference was to meet every five years to set policy guidelines; the foreign ministers could convene "to consider problems of an urgent nature and of common interest . . . and to serve as an Organ of Consultation"; and the O.A.S. Council, located in Washington and composed of specially-designated ambassadors, would direct the day-to-day activities of the organization, debate hemispheric problems, and function as the provisional organ of consultation under the Inter-American Treaty of Reciprocal Assistance. The Pan American Union, in existence since 1890 and presided over by a Secretary-General, would serve as the secretariat.

¹ Article 1, Charter of the Organization of American States, found in O. Carlos Stoetzer, *The Organization of American States: An Introduction* (New York: Frederick A. Praeger, 1965), p. 117.

² Jerome Slater, "The Limits of Legitimization in International Organizations: The O.A.S. and the Dominican Crisis," paper prepared for delivery at the 1968 Annual Meeting of the American Political Science Association, Washington, D.C., September 2-7 (mimeo), p. 3.

The United States viewed the O.A.S. as a vehicle for reducing conflict among members, promoting political stability, and excluding communism from the Americas.² The Latin American nations looked upon the organization as a means of protecting their sovereignty and territorial integrity—concepts which appear in no less than 14 articles of the Charter. In recent years, the Latin Americans have also attempted to use the O.A.S. as a lever for prying loose more developmental funds from Washington.

Where United States and Latin American goals have coincided—or where there has been no conflict—the organization has functioned effectively. Successes have occurred in peace-keeping, in cultural and social affairs, and in terminating disputes among Caribbean and Central American nations. In addition, O.A.S. representatives have observed elections in a number of nations, thus conferring a modicum of legitimacy on the winning candidates.

The O.A.S. has assisted Washington in achieving its principal political objective in the hemisphere: the prevention of violent change. The organization's peace-keeping machinery, limited as it is, has helped prevent a major war from erupting between American states. Except for the Bolivian and Cuban cases, the area has been conspicuously free of revolution. And eleventh hour jermias notwithstanding, there is little evidence that Castroism will sweep through the region.

At times Washington's desire for stability has clashed with the Latin American goal of sovereignty. Such conflicts have often focused on alleged Communist penetration of the Americas. In 1954, the Central Intelligence Agency capsized the Jacobo Arbenz government in Guatemala; seven years later United States armed, trained, and backed Cuban refugees attempted to "liberate" their homeland; the following year President John F. Kennedy threatened to remove Soviet missile bases from Cuba; and in 1965 United States Marines landed in the Dominican Republic to prevent a possible "Communist" takeover. None of these apparent violations of the non-intervention principle resulted in an O.A.S. rebuke of the United States. In fact, each of these actions won varying degrees of approval from member states. Failure to create a permanent Inter-American peace force represents the only significant O.A.S. action which runs contrary to Washington's anti-Communist policy in the hemisphere.

Many contend that the organization prefers long-winded haggling to forceful decision-making. Over the past 20 years, questions such as economic development, terms of trade of Latin American exports, and the arms races among South American states have received scant attention. Recent hemispheric innovations—Latin American and Central American integration, the Alliance for Progress, the 1967 denuclearization treaty—have sprung from outside the O.A.S. structure. Some observers contend that the weakness of the Secretary-General symbolizes the impotence of the organization.

THE O.A.S. SECRETARY-GENERAL

The position of O.A.S. Secretary-General bears little resemblance to its United Nations counterpart. There has been a growing tendency to view the U.N. charter as a constitution instead of a treaty, thereby expand-

ing the Secretary General's role through a broad interpretation of his prerogatives.³ In addition, a power equilibrium between the Soviet Union and the United States has enabled the U.N. Secretary-General and representatives of third world nations to play an active role. No such balance exists in the Western Hemisphere, where the United States is dominant. The O.A.S. Secretary-General has been confined largely to administrative duties. He may "participate with voice, but without vote" in the deliberations of the organization's bodies.

Alberto Lleras Camargo, ex-President of Colombia and the first Secretary-General, sought to fashion a dynamic role for the O.A.S. office. He used the Annual Report as a medium for disseminating his ideas on the state of the hemisphere, but the members soon rebuked this activism and, frustrated, he resigned in midterm. "No Secretary-General has since had the temerity to express himself, other than in general and platitudinous terms, on any issue of hemispheric importance."⁴ His successor, the flamboyant Carlos Dávila of Chile, died after two years in office and was succeeded in 1955 by a Uruguayan, José A. Mora. A congenial diplomat, Mora was criticized for his caution, blandness and administrative ineptness. On the other hand, he was praised for forging closer ties between Europe and Latin America by establishing an O.A.S. regional office in Brussels, and for securing a Latin American presence in the Dominican Republic following the 1965 United States invasion.

In anticipation of Mora's retirement—his term expired May 18, 1967—a campaign to elect a successor began early in 1967. The position has lacked power, but it does enjoy a certain degree of prestige, visibility, a \$32,000 annual salary, generous fringe benefits, and a 10-year tenure (which will be halved if pending charter reforms are adopted). To present the appearance of hemispheric unity, the choice of Secretary-General has been unanimous in the past, following extensive behind-the-scenes negotiations. This procedure was abandoned in

³ Leland M. Goodrich, "The Political Role of the Secretary-General," *International Organization*, Vol. 16, No. 4 (Autumn, 1962), p. 726.

⁴ William Manger, *Pan America in Crisis: The Future of the O.A.S.* (Washington: Public Affairs Press, 1961), p. 79.

1967 when five candidates were nominated for the post.

The first in the race was Eduardo Ritter Aislán, Panama's O.A.S. ambassador and chairman of the council during the 1966-1967 term. Ambassador Ritter was better known for poetry than politics (he has published seven books of verse, winning numerous literary prizes); still his campaign had been masterfully planned. Panamanian ambassadors throughout the hemisphere as well as Panama's President and foreign minister sought support for their countryman, who presented himself as the champion of the small Central American and Caribbean states, long concerned about the giant nations which dominate the hemisphere. The five Central American republics, evincing the same solidarity that they have demonstrated in their common market and in previous Latin American meetings (such as those dealing with Cuba), aligned themselves with Ritter. Following a visit from a Panamanian emissary, Barbados—a nation which sends workers to Panama—pledged herself to Ritter before she became the twenty-third O.A.S. member on November 17, 1967. A personal visit to President François Duvalier secured Haiti's backing for Ritter, who entered the contest with eight votes assured.

Marcos Falcón Briceño followed Ritter into the field of candidates. As foreign minister of Venezuela, Falcón authored the "Betancourt Doctrine" whereby his government withheld recognition from undemocratically-chosen administrations. He was also identified with the "Democratic Left" philosophy of *Acción Democrática*, Venezuela's governing party. This view stressed the need for economic and political development within the framework of free institutions. Falcón's candidacy gained backing from Venezuela's neighbors and from Chile's Christian Democratic government. As expected, it drew immediate opposition from such military regimes as Argentina and Brazil, which Venezuela had refused to recognize.

⁵ *El Comercio* (Quito), October 7, 1947, quoted by George I. Blanksten, *Ecuador: Constitutions and Caudillos* (Berkeley and Los Angeles: University of California Press, 1951), p. 77.

Two favorite sons were also nominated. Argentina put forth the name of ex-foreign minister Carlos Muñiz. Bolivia presented the candidacy of Walter Guevara Arze, erstwhile leader of the National Revolutionary Movement's right wing and former foreign minister.

Galo Plaza Lasso, the last candidate to announce, brought an impressive set of credentials to the contest. Born and educated in the United States, Plaza returned to his native Ecuador where he served as mayor of Quito and President of the republic (1948-1952). His period as chief executive was conspicuous for stability—Plaza completed his term, a major accomplishment in Ecuadorian politics—and democratic procedures. When asked his philosophy of government, he stated: "I believe that the essential task of government is to maintain and perfect the exercise of human rights and the fundamental human guarantees."⁵

Plaza's experience has not been confined to domestic politics. In 1945, he headed his nation's delegation to the San Francisco Conference which established the United Nations; 13 years later he served as a U.N. trouble-shooter during the Middle East crisis; and in 1965 he acted as a U.N. mediator in Cyprus.

Plaza has often demonstrated his independence. For example, he criticized the United States for sending Marines to Lebanon in 1958 and to the Dominican Republic in 1965. Nonetheless, he became known as the "State Department candidate." This label sprang in part from the candidate's close personal ties with the United States, from the editorial support given him by *The Washington Post* and *The New York Times*, and from the staunch backing which he received from columnist Drew Pearson. That Plaza announced his candidacy from the Ecuadorian Embassy in Washington following conversations with Representatives, Senators, and Secretary of State Dean Rusk, failed to allay these charges. Plaza pointed out, however, that he would pursue the Secretary-Generalship only if the O.A.S. could become a "strong, dynamic, creative" organization;

he asserted that his talks with high United States officials were to assess sentiment in Washington. His decision was encouraged, he said, because "many [United States officials] believe this is the time for the United States to take a new look at the Western Hemisphere."⁶

The O.A.S. Council elects the Secretary-General. An absolute two-thirds majority is required for victory on the first two ballots; afterwards, a simple majority obtains. The secret ballots are cast, counted and burned. No official tabulation of country by country votes is made and no representative on the council may publicly present candidates for the position.

The election process consumed three months and was characterized by extreme bitterness. At one point, Ambassador Ritter complained of a fascist "intrigue" directed at him, named *The New York Times* as a proponent of this "Nazi point of view," and implied that the big powers were ganging up on the small countries of the hemisphere.⁷ None of these charges were substantiated. The selection of a Secretary-General necessitated a compromise: the Central Americans were enticed to shift their support to Plaza in return for having one of their own statesmen, Miguel Rafael Urquía of El Salvador, chosen Assistant Secretary-General, a post which the United States had held since the founding of the Organization. The O.A.S. members also agreed upon the creation of a new position, Assistant Secretary-General for Administration, to which an American presumably would be named. This solution assured the Ecuadorian's election on the sixth ballot. By then Ritter and the favorite sons had withdrawn and Plaza defeated Falcón by a 17 to 5 vote, with Peru abstaining.

THE ELECTORAL PROCESS

A number of generalizations about the selection of an O.A.S. director emerged from

⁶ *The New York Times*, September 14, 1967, p. 13.

⁷ *Acta de la Sesión Extraordinaria celebrada el 8 de enero de 1968. Organización de los Estados Americanos./Ser. G/11, C-a/648 (Provisional).*

the recent electoral process. This election confirmed that no United States citizen could be chosen Secretary-General because of the actual or alleged influence which the United States exerts on the organization. The recent contest demonstrated that United States endorsement may even be a millstone around the neck of a candidate for the post. An effort to divide equally the major decision-making positions in the inter-American system was also evident. Colombia and Chile contribute respectively Carlos Sanz de Santamaría, the Chairman of the Inter-American Committee on the Alliance for Progress, and Felipe Herrera, the President of the Inter-American Development Bank. Thus it was inconceivable that nationals from these countries could hold the Secretary-Generalship, unless one of the other posts was relinquished. This possibility was considered after the fourth ballot when the prospect of a persisting stalemate appeared. The names of both Herrera and Santamaría were mentioned as possible "compromise candidates." Yet the fact that the first O.A.S. Secretary-General was from Colombia and the second was from Chile militated against this proposal.

In addition, the candidate himself should represent a middle-of-the-road position. He should be identified neither with the military—it is highly improbable that a general will ever be elected O.A.S. chief—nor with outspoken revolutionary or reform movements such as Castroism, communism, socialism, or the Democratic Left. The present Costa Rican leadership, for example, would be reluctant to support a representative of a Democratic Left government, and a country such as Venezuela would find it difficult to back a nominee from a military regime.

A successful candidate could hardly emerge from the small "postage stamp" countries of the Caribbean such as Barbados or Trinidad and Tobago. Though the organization prides itself on equality of members, it is unlikely that a national from these newly-admitted states could engender unity among the member countries. That these are English-speaking nations would also present a problem, because fluent command of Spanish is required

of the Secretary-General. The selection of a Haitian is even more implausible inasmuch as the O.A.S. ambassadors frequently apply such terms as "insensitive," "reactionary" or "detestable" to President Duvalier's regime. The governments of Nicaragua, Paraguay and Bolivia, while not pariahs in the same sense as the Haitian regime, would labor under some of the same liabilities. Finally, since Mora is from Uruguay, under Article 79 of the Charter his country could not have provided the next Secretary-General.

This process of elimination suggests that only a handful of nations—Mexico, Peru, Central America and Ecuador—could realistically have expected to win the position. Because Mexico adamantly opposed the expulsion of Cuban Fidel Castro's regime in 1962 and has since refused to sever diplomatic ties with the Cuban government, she has been looked upon, especially by the United States, as a renegade member of the organization. Having often expressed misgivings about the O.A.S., Mexico remained aloof from the election process. Peru similarly declined to offer a candidate and the Central American countries threw their weight behind Ritter, whose strength peaked during the fourth ballot and declined sharply following his "conspiracy" speech. Thus the choice devolved upon Ecuador. This discussion is not intended to impugn or deemphasize Plaza's personal qualifications, but rather to point out the importance of nationality in the selection of Secretary-General.

Plaza's detractors argue that the 62-year-old *haciendado* does not represent the new currents of the Americas. They contend that

⁸ *Discurso del Señor Galo Plaza Lasso, Al Asumir sus Funciones como Secretario General de la Organización de los Estados Americanos, O.A.S., Servicio Informativo para la Prensa, C-74/68 (Rev.), May 18, 1968.*

⁹ The Protocol of Amendment to the 1948 Charter of Bogota was adopted on February 27, 1967, by the O.A.S. member states, meeting in Buenos Aires. For a scathing critique of the protocol, see William Manger, "Reform of the OAS," *Journal of Inter-American Affairs*, Vol. X, No. 1 (January, 1968), pp. 1-14. A more optimistic evaluation of the proposed reforms is John C. Dreier's "New Wine and Old Bottles: The Changing Inter-American System," *International Organization*, Vol. XXII, No. 2 (Spring, 1968), pp. 477-493.

he is a conservative in a continent in love with revolutionary Castroism and the reformist ideologies of socialism, communism, and Christian Democracy; that he was selected only because he was "safe" in the eyes of Uncle Sam; and that his statements on underdevelopment ring of *noblesse oblige* (Plaza's initial taste of poverty came selling apples in depression-ridden New York, because his wealthy father wanted him to develop self-reliance). Such criticism escalated last June when Plaza persuaded the O.A.S. Council to appropriate up to \$170,000 to purchase a new residence for the Secretary-General.

Despite these misgivings, Plaza's first official activities have gained him respect as an energetic international executive, sensitive to the "have nots" of the region. He toured all the active member states during his first five months in office and has stated a desire to visit Canada where the new Prime Minister has taken a fresh view of the possibility of his country's joining the O.A.S. Plaza has expressed a determination to resuscitate the Organization, especially in the field of economic and social affairs. He believes that it should become a prime mover in achieving the goals of the Alliance for Progress, that it should spur regional cooperation, and that it should "rectify" inequalities among member states in financial and commercial relations. His inaugural address urged that development programs bypass national bureaucracies and interstate squabbling to reach the impoverished. Concepts such as the "people," and "majorities" punctuated his message, which urged the O.A.S. to "take contact with the human masses of the Continent. . . ."⁸

Proposed reforms, if adopted, will increase the developmental role of the O.A.S.⁹ These changes will incorporate the broad principles of the Alliance for Progress into the charter, the revised version of which states that

The Member States, inspired by the principles of inter-American solidarity and cooperation, pledge themselves to a united effort to ensure social justice in the Hemisphere and dynamic and balanced economic development for their peoples, as

conditions essential to peace and security.¹⁰ Thus the member nations are called upon to pursue such objectives as a sustained increase in per-capita income, the equitable distribution of this income, fair and efficient tax and land-holding systems, adequate housing and education, eradication of illiteracy, economic diversification, export promotion, health improvements and humane working conditions. In deference to the United States, attention is also directed toward the "promotion of private initiative and investment," but this goal appears next to last on the list and carries the proviso that such capitalistic efforts must be "in harmony with action in the public sector."

The O.A.S. has long made a habit of spinning forth grandiose designs that are utterly unrealistic. The above provisions—largely utopian—are further examples of this tendency. Yet the Organization is turning toward the developmental sphere, indicating that it is at least aware of the major problem confronting the Americas.

In keeping with these economic goals, the new Charter provides that the Inter-American Committee of the Alliance for Progress will become the permanent executive committee of a revised O.A.S. Economic and Social Council, which will form one of the Organization's three equal councils along with the Permanent Council discussed in this article and the Council for Education, Science, and Culture; and the O.A.S. budget for development will expand rapidly. To assure coherent direction of the Organization, a General Assembly will meet annually (the Inter-American Conference, intended to convene every five years, has not met since 1954 because of political disputes).

Fifteen members must endorse the amended charter before it takes effect. On

April 11, 1968, the United States Senate unanimously approved the document. Ten states have now voted ratification.

Plaza's speeches and the proposed charter changes will amount to little if the Organization's bureaucracy remains, as one ambassador put it, "more confused than that of the Ming Dynasty." The O.A.S. administration has mushroomed over the past 20 years. In 1948, the organization had a budget of \$2 million and a staff of 171; now annual expenses surpass \$19 million and the number of employees has increased to 1,182. The staff is located in seven Washington buildings and in 20 branch offices on three continents. The Director of the Department of Administrative Affairs was dismissed in 1967 for meddling in O.A.S. political matters, and employees in the Buenos Aires and San Jose offices were later disciplined for fiscal irregularities. The council is now studying the recommendations of five experts in administration and public finance. They have called for new personnel policies, closer supervision and "internationalization" of field offices, and the reorganization of the Department of Technical Cooperation.¹¹

Closely related to the administrative *malaise* is the problem of dues payments. Like the United Nations, the annual budget of the O.A.S. is apportioned among its members on the basis of size, population, wealth, and so forth. As expected the United States contributes the largest amount—66 per cent. This burden has grown heavier in recent years because a number of states are behind in meeting their quotas. Though the organization no longer releases figures, a report issued in 1966 revealed that more than a dozen nations were delinquent in payments amounting to \$8.8 million.¹² The financial

(Continued on page 52)

¹⁰ *Protocol of Amendment to the Charter of the Organization of American States*. OEA/Ser. A/2, Add. 2 (English), pp. 10-11.

¹¹ *Expert Group Reports to OAS Council*, O.A.S., Information Service News Release, E-109/68, August 6, 1968.

¹² *Report of the Committee on Program and Budget on the Program and Budget for the Fiscal Year Ending June 30, 1967*. OEA/Ser. D/11.1 1967 (English) April 6, 1966, p. 43.

George W. Grayson, Jr., has made four trips to Latin America in the past four years. He has written for several publications on Latin American topics. His study of the Chilean Christian Democratic Party appeared as *El Partido Demócrata Cristiano Chileno* (Buenos Aires: Editorial Francisco de Aguirre, 1968).

"The military now constitutes the only real factor of power. The surface motion in Bolivian politics comes increasingly from Barrientos' playing off the Campesinos against the middle-class parties. This, however, is a contrived and spurious game...."

Bolivia Under Barrientos

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THE DISTINGUISHING FEATURE of the René Barrientos Artuño government is its lack of any inherent significance apart from the President's considerable ability to survive crises; his government is essentially an exercise in political brinkmanship and is best understood in these terms. In looking at the Bolivian situation, one can seem to see the "meaning" of the Barrientos government in the President's personalistic identification with Bolivia's multitudes of rural Indians known as Campesinos. In this perspective, the government becomes significant as an exercise in agrarian populism, something rather unusual in the urban-based politics of Latin America. This phenomenon in Bolivia is ephemeral and basically more notable for what it obscures than for anything it may signify intrinsically. This is not to say that Barrientos' espousal of the Campesinos as a group is entirely spurious; he has an obvious emotional and ethnic involvement with them; they gave him an important base of support when he seized the government in 1964. Beneath the surface of Bolivian politics, however, this attachment to the Campesinos, despite all its color and clamor, shows up as a dynamic means of distracting attention from unpalatable aspects of the Barrientos government—particularly its failure to provide real leadership in the process of economic development and its frank dependence upon military support. In this light, the Barrientos approach to economic development, as well as the present position

of the Bolivian military *vis-à-vis* the Government, are worth noting.

Bolivia is a variegated, land-locked country located in the heart of South America. She has a population of 3.8 million people. Sixty per cent live on a bleak tableland high in the Andean Cordillera in the western fifth of the country. Ten per cent live in the valleys, or *yungas*, of the eastern Andes and the remaining thirty per cent inhabit the tropical lowlands. About 65 per cent are still rural. Forty per cent are illiterate.

The vast majority of this population is composed of Aymara- and Quechua-speaking Indians. They are the descendants of ancient civilizations which were subjugated by the expansionist Incas and then the Spanish. The discovery of silver high in the Andes mountains of Alto Peru (as Bolivia was then called) made the area crucially important for the Spanish. In administrative, social and economic terms, the country was organized around the exploitation of silver; this was its whole reason for being.

This situation was mitigated only superficially with the achievement of independence from Spain. The colonial administration simply gave way to the creation of a private caste of silver oligarchs. Through the perpetuation of the *mita* (a system of draft labor borrowed by the Spanish from the Incas) the Aymara Indians were kept in servitude in the mines. The great host of Indians escaping this fate lapsed into a somnolent system of agrarian servitude based upon the Spanish

ecomienda, an institution, like the *mita*, little changed since colonial days.

Bolivia thus "developed" as a bifurcated country run by agrarian and mining oligarchies—*Rosca*—each presiding over its own establishment. Until the middle of this century the gap between the elite elements and the masses of toiling Indians had been blurred only slightly by the interposition of a precarious middle class dealing mostly in mining services. Around 1900, tin replaced silver as the primary export of the country, but it caused no essential changes in socio-economic conditions.

Thus shaped in exploitation and privilege, Bolivia fell heir to the anomalies common to all backward, semi-colonial countries: an absence of any genuine social and political coalescence; the establishment of narrow vested interest in the maintenance of the status quo; a deformed national economy; monoculture based on primary goods (tin) without domestic processing and destined for exportation; exaggerated dependence on foreign markets and international commodity prices; a high percentage of the population engaged in subsistence agriculture and existing outside the monetary economy; a low level of savings; a vicious cycle of low productivity and underconsumption; the absence of an investor class and of the "spirit of enterprise."

Bolivia suffered a series of political and military disasters, highlighted by the loss of the rubber-rich Acre region to Brazil (1867), the loss to Chile of her sea coast (1879), and the loss to Paraguay of much of the eastern Chaco (1936). In addition to the huge losses of territory, these setbacks, particularly the Chaco War (1933) with Paraguay, became obsessive sources of national soul-searching, particularly among leftist students and intellectuals. The system of internal social and economic exploitation and the humiliating history of *entreguismo* in external relations, set the stage for the nationalist, leftist revolution which was bound to come. It came with a vengeance in 1952 under Victor Paz Estenssoro and his *Movimiento Nacionalista Revolucionaria* (M.N.R.).

Breaking out of the pre-1952 feudal state

caused severe dislocations. Bolivia became dependent upon foreign aid, an ironic situation given the anti-imperialist overtones of the M.N.R. Revolution. In the short term, the nationalization of the mines and agrarian reform, both political and ideological necessities for the M.N.R., caused a chaos of underproduction, run-away inflation, and near starvation in many areas. The situation was saved by successive infusions of food and dollars from Washington.

The long-term program of development of the M.N.R. governments made foreign aid, especially in the form of capital goods and technical assistance, a necessary prerequisite. There were two basic areas of attack. The first was to diversify and develop the whole economy in order to offset the reliance on tin and to expand internal consumption and production. This involved a multifaceted effort to exploit Bolivia's great resources of petroleum and hydro-electric energy; to change the subsistence food and livestock sectors into export sectors through strategic programs in Santa Cruz, Villa Montes, Beni-Reyes (livestock) and in the valleys of Cochabamba, Chuquisaca, Tarija, Potosi and the Altiplano; to create a system of roads and transportation and communication facilities so that the sparsely settled north and east could be "colonized" and made productive, and so that an internal marketing system could be established; to develop domestic industry through credits and technical education, particularly in areas complementing the development program.

The second area of attack was to rationalize the production of tin through the instrumentalities of the State Mining Corporation (COMIBOL) and the *Banco Minero*. While tin remained the major foreign exchange earner, the objective was to cushion the effects of falling tin prices through the achievement of cheaper production costs. This involved the creation of new patterns of production and administration, increased capitalization and, ultimately, the establishment of domestic foundries to smelt the tin.

These were the outlines of Bolivia's developmental program as it was carved out by

the M.N.R. These are still the plans for the development effort in Bolivia but, under Barrientos, the procedures have changed significantly. In the early years, especially, the vast popularity and ideological momentum of the M.N.R. combined with a high level of technical competence in government to give to the cause of development a genuine excitement and coherence. Development under Barrientos tended to lose this mystique.

The 1964 Barrientos coup replaced the M.N.R. government with a junta of military figures and, later, in an attempt to give the government a political cover, with civilians whose only basic common denominator was their disassociation from the M.N.R. This is still the essential equation of the Barrientos government: heterogeneous cabinets operating under the imminent prospect of replacement by the military. A concomitant of this situation has been the clear tendency of the government to permit the disintegration of the development effort; to grant autonomy in the process to the Bolivian military, United States-AID and a circle of Bolivian entrepreneurs and financiers, and to foreign investors. This can be regarded as the creation of a healthy pluralism or as a fatal fragmentation, depending on one's point of view. In any event, this permissiveness is part of an ideological reaction against the political and economic statism of the M.N.R. It is also, however, a direct consequence of the Barrientos government's default on the planning aspects of development and its failure to infuse it—as the M.N.R. did with such success—with élan and coherence.

The changes in the methods of development under Barrientos are regarded as ominous by those who feel that the state—in backward countries like Bolivia—must authoritatively shape the process of growth. This, at any rate, is the M.N.R. criticism against the Barrientos government.

Notwithstanding this criticism, the laissez-faire drift of the Barrientos government has not impinged adversely on the pace of economic growth. It is true that in the spring of 1968 a financial crisis occurred. Archaic and inefficient fiscal and administrative prac-

tices have produced a constant budget deficit in this decade, in addition to which the recent large volume of expatriated profits, and the decline in transfers from the United States have created a balance of payments problem. The financial situation became unusually strained in 1967–1968 because of the cost of fighting the Guevara guerrillas and the decline in tin prices. Reserves were unusually low and Bolivia's external liquidity deteriorated sharply; she used \$8 million of a \$29-million stand-by credit with the International Monetary Fund. Much to the resentment of the Barrientos government, the United States turned down a request for a \$12-million "stabilization" loan.

ECONOMIC GROWTH

Since 1961, Bolivia has continued to experience a steady rise in the indexes of economic activity and this trend has not been tangibly affected by the advent of the Barrientos government. During this period the country has had a growth rate of almost 5 per cent, one of the highest in South America. The most dynamic sectors have been petroleum, mining, electric power, industry and government, with annual growth rates exceeding 7 per cent. Most notable in 1967–1968 have been the performances in petroleum, construction and power.

The growth in petroleum, the highest in any sector in the economy, is due to the investments of Gulf Oil Company, with which the government signed a new concessionary agreement in August, 1968. The recently signed contract to sell oil products to Argentina, as well as the completion in 1967 of the oil pipeline to the Chilean port of Arica, will open up new and profitable markets. The production of crude petroleum doubled in 1967 and the upward trend in the manufacture of oil by-products is expected to continue. In 1966, for the first time, petroleum became a new and important source of foreign exchange for Bolivia.

A boom in building in La Paz caused a sharp rise in investment in construction, along with other important activities in social and infrastructure areas such as residential hous-

ing, highways, and the recently completed hydroelectric dams at Coroní and Chururáqui. The growth in the power sector reflected the completion of these dams.

The other main sectors of the Bolivian economy have performed less impressively but still positively. Mining showed an average annual growth rate of 7 per cent from 1961 to 1966, and in that year COMIBOL, for the first time, paid taxes to the government. In 1967, however, it was pushed back into the red, partly as a result of political and social difficulties which stopped mining operations completely on several occasions. Worse yet, as far as 1968 is concerned, was the decline in the world tin price; it fell to \$1.41 per pound while it cost COMIBOL \$1.46 to produce a pound. Despite these difficulties, and taking note of the severe administrative problems of COMIBOL, the mining sector in Bolivia is advancing. The announcement by the military in August, 1968, of the start of construction of tin smelters in Oruru promises more advantages for this sector.

Agriculture has grown only 2.2 per cent a year since 1961 and has done worse in the past few years because of bad weather. Bolivia must still make heavy purchases of agricultural commodities that could be produced locally. Because of the rapid growth of other sectors, agriculture has dropped from 32 per cent of the Gross Domestic Product in 1961 to 24 per cent in 1967-1968. It still, however, employs 57 per cent of the working population.

Growth in the transportation sector, like agriculture, has been sluggish due to the high cost of highway and railroad rehabilitation projects. External credits have facilitated many highway maintenance programs, the improvement of the La Paz airport and the renewal of railway equipment. 1967 saw the start of three important highway projects: Cochabamba-Villaroel; Cochabamba-Santa Cruz; La Paz-Rio Beni.

Finally, growth and increased efficiency in manufacturing remain constricted by the narrowness of the domestic market and the resultant difficulty of exploiting economies of

scale. For this reason, Bolivia's incorporation into the Latin American Free Trade Association and the Andean Development Corporation (though this scheme remains plagued by the quarrels and obfuscation in evidence at the August, 1968, meeting of the ministers where the text of the treaty failed of agreement) represents a potential solution. Nevertheless, this sector showed a 6 per cent growth rate while certain lines such as food, beverages, wood and chemical products achieved a growth rate of 10 per cent.

The value of imports and exports has risen steadily in this decade, at 15 per cent and 12 per cent respectively. Because it bulks so large within exports, the evolution of tin was the main cause of the increase, followed by tungsten, zinc, silver, and copper. Coffee and crude petroleum appeared on the export list in 1966. The sharp rise in production of petroleum for export, along with steady performances in the other minerals, offset somewhat the drop in tin prices in 1967-1968, but not sufficiently to avert the financial crisis in the spring of 1968. Bolivia still is a prisoner of her reliance on tin for foreign exchange. Imports climbed steadily, recently exceeding the value of exports, mostly due to the need to import capital goods for investment purposes and to the need to import agricultural products.

In short, the Bolivian economy, despite the occurrence of the financial crisis in the spring of 1968, shows an upward trend in almost all sectors. The peso continues to be one of the steadiest in all Latin America.

THE MILITARY AND BARRIENTOS

Identification with the Campesinos is increasingly important in the President's relations with his military because of the manifest failure of his government to enlist effective broad political backing. His relations with urban middle-class parties are virtually nonexistent and he gets only desultory support from the so-called official parties. Barrientos appears willing, and even anxious, to lock himself in with the military leadership as long as he can maintain a semblance of popular support among the Campesinos. He can no

longer claim support of any kind among the middle-class parties which he formerly tried to cultivate. In his efforts to mobilize the Campesinos, he now uses these parties as a convenient group to inveigh against.

The military now constitutes the only real factor of power. The surface motion in Bolivian politics comes increasingly from Barrientos' playing off the Campesinos against the middle-class parties. This, however, is a contrived and spurious game signifying little except to obfuscate the real terms of power in Bolivia and to prevent badly needed political coalescence.

The Bolivian military has come a long way since its dismantling by the M.N.R. in 1952. Reconstructed by Paz as a counterpoise to the militant tin miners, the military has gradually established a monopoly on coercive power, as proved by its repeated "interventions" of the tin mines under both Paz and Barrientos. Barrientos, a former Air Force general, has strengthened the army so that "no party will be able to do anything against the government." The Bolivian army cannot be challenged on the level of force so long as it does not become embroiled in political quarrels and divided against itself. That this should not occur is one of the major concerns of the military's commander-in-chief, General Alfredo Ovando, a professional soldier interested primarily in the maintenance of the discipline and prestige of the Bolivian military.

General Ovando supported the 1964 Barrientos coup, largely because he had no choice. Despite incessant rumors about his efforts to undermine the President, Ovando has consistently supported him. He evidently expects to be Barrientos' successor when elections are held in 1970. Barrientos, constitutionally, cannot succeed himself. Ovando and Barrientos have apparently worked out an understanding based on this expectation, which has turned out to be the single most important factor in Bolivian politics.

Barrientos, therefore, has vested interests in maintaining Ovando's margins of support inside the military. Any possible erosion of Ovando's support inside the military would

probably come about in the shape of a reaction among the younger nationalistic officers. Some of them are restless under the Ovando-Barrientos leadership and resentful of the system of political favoritism that has grown around it. The nearest thing to a spokesman for this as yet inchoate dissident element has been General Marcos Vasquez, chief of staff of the armed forces.

THE ARGUEDAS AFFAIR

It was into the general setting described above that the July, 1968, defection of Bolivia's minister of interior, Antonio Arguedas, intruded itself. This episode dominated politics for months and it is still unfolding as Arguedas undergoes trial by a military tribunal in La Paz.

This dense and convoluted tale is further compounded by the neurotic fantasies of Arguedas himself. It is clear that Cuban Premier Fidel Castro somehow managed to secure—and release for publication—a copy of the diary of Cuba's Ernesto "Che" Guevara, who had led a guerrilla movement in Bolivia until his capture and death in October, 1967. Guevara's diary, along with other captured documents, was being held "secret" by the Bolivian military who were negotiating with foreign publishers. Just how Castro got the diary remains uncertain, but Arguedas assumed the responsibility for having sent it to Havana. A brooding Marxist, he made this gesture of personal indignation against the "imperialistic entanglement" of Bolivia—by which he meant the United States Central Intelligence Agency. He apparently convinced himself that he had acted in the interest of the Bolivian people. He returned to La Paz on August 17, 1968, after an odyssey which took him from Santiago to Buenos Aires, London, New York and Lima.

The diary itself lacked real significance, containing only Guevara's personal ruminations and mundane details. Other captured documents released after the publication of the diary were slightly more revealing. They showed how faulty intelligence, misplaced political hopes, unfamiliarity with rugged terrain, unresponsiveness of rural Campesinos,

and failure to secure support from the Bolivian Communist party had combined to frustrate the insurrection. Castro's close supervision of the movement was indicated by evidence of his frequent radio exchanges with Guevara, his dispatch of Regis Debray as a top-level liaison official, and the millions of dollars, men and equipment he invested in the operation. Encouraged by Guevara, Castro apparently had come to believe that Bolivia could be made into a nucleus for "continental" revolution—an impenetrable zone of operations in the Andes where guerrilla recruits for neighboring Argentina and Peru could be trained. It was hoped that eventually United States armed forces could be involved.

Despite the innocuous nature of the diary itself, the Arguedas affair, in addition to causing serious political repercussions, involved military politics in Bolivia. For weeks prior to the flight of Arguedas, the Bolivian army was in a desperate state. It had undertaken the responsibility for the disposition of Guevara's diary. It was already under criticism for its mercenary attitude in seeking out foreign publishers in order to maximize the profit margin. The spectacular acquisition of the diary by Havana caused low-key criticism of the military to reach a wave of vituperation and demands for a shake-up in the military high command. Charges hurled at the military ranged from ineptness and extortion to outright treason. Arguedas's confession at this juncture superficially, at least, extricated the military from a very awkward situation in which its prestige and plausibility were at stake. Arguedas thus emerged as the "Dreyfus" of Bolivia. The military trial of Arguedas will probably be conducted in such a way as to placate the nationalist sentiment of the military.

The Arguedas case led to a political crisis of serious proportions. Immediately after Arguedas had fled, a violent demonstration was staged against the government by its main political enemies, the M.N.R. and the Bolivian Falange, acting in conjunction with sundry leftist elements. Barrientos responded by declaring a state of siege and mobilizing

his Campesinos. He obliquely threatened not to convoke the Congress which was scheduled to meet on August 6. At this point, the *Partido Socialista Democrata* (P.S.D.) withdrew from the four-party government coalition in apparent support of a demand that Barrientos respect the autonomy of the Congress and convene it as scheduled. The other official parties resigned from the Cabinet and started to support the P.S.D. in its stand against Barrientos.

Realizing that the non-convocation of Congress would force new elections, Barrientos toyed with the idea of creating a new Campesino-based party for the purpose of sweeping those elections and dominating the new Congress. This was an obvious attempt to force the official parties back into line and to intimidate the opposition. In addition to his demagogic mobilization of the Campesinos, Barrientos backed up this threat by replacing the civilian cabinet with a completely military one (composed of older *ovandista* elements), thereby giving all the official parties a real rebuff. Bolivia seemed about to witness the elimination of her precarious multi-party system and its replacement by a military-Campesino amalgam.

This danger did not materialize; Barrientos agreed to convoke the Congress as scheduled in exchange for agreement among the official parties to grant to the President "extraordinary" powers. A new cabinet of July 27 (referred to variously as a "constitutional coup" and as a means whereby Barrientos appointed friendly *ovandista* elements to prevent a real coup by other figures in the military) has become the main vestige of the crisis created by Arguedas' flight and a tangible symbol of the imminence of the military in Bolivian politics. Generally speaking, Bolivian military officers lack technical and administrative competence. The present military cabinet, therefore, is not expected to have a salutary effect on devel-

(Continued on page 51)

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"...the students agreed to remain quiet during the [Olympic] Games. But few observers doubt that the students will renew their protests...the students' challenge to authority...is appealing to many Mexicans...."

Mexico: Why the Students Rioted

BY JAMES N. GOODSELL
Latin American Editor, The Christian Science Monitor

FROM LATE JULY to early October, 1968, a mounting crescendo of student unrest in Mexico City drew widespread attention to a nation long considered Latin America's most stable and, in many ways, most progressive. The unrest, which began over relatively minor incidents, quickly involved the government of President Gustavo Díaz Ordaz in a bitter and still smoldering struggle with university and high school students not only in Mexico City but throughout Mexico.

It came when Mexico was in the final throes of preparations for hosting the 1968 summer Olympics—an event which had already focused a great deal of world attention on Mexico. The Mexican bid to host the Olympics had been questioned in some circles because of the spiraling costs of Olympic preparations. There were doubts that a nation, still relatively underdeveloped, could carry off an international event of such size and proportions. The student unrest added to the doubts and, by early October, with less than two weeks to go before the Olympics got under way on October 12, the prospects for the Games were none too good.

But then, almost at the last minute, the students called off their demonstrations and the Olympics went off with hardly a hitch—at least from the students. And Mexico, in

the eyes of visitors during the Olympics, carried off the show with considerable success.¹ It was the first time that an Olympics competition had been held in a Spanish-speaking nation, the first time in a Latin American land, and the first time in a relatively underdeveloped country.

The successful holding of the 1968 Olympic Games without any disruption and the widespread plaudits of the world press, however, tended to obscure the unrest of the previous months. In fact, there were even some suggestions that the student disturbances had been a passing phenomenon without much importance.² Actually, the student rebellion continues to cast a long shadow over Mexico. To many observers, the unrest and the reactions of the Díaz Ordaz government—which drew sharp criticism from many circles in Mexico—were evidence of a general restlessness in Mexico.

After nearly 40 years of political consensus, there were suggestions in 1968 that major and perhaps serious dissent may be in the offing for the Mexican nation.³ Just what such dissent could mean for Mexico's future and where it will lead is hard to estimate. But the prospect of growing unrest appears very real.

Despite the good record that successive Mexican governments have racked up in terms of economic growth and social justice in the past 25 years, the hard fact is that probably half of Mexico's 45 million people have shared little or not at all in this progress.

¹ *Novedades*, Mexico City, October 22, 1968.

² *Excélsior*, Mexico City, October 26, 1968.

³ *The Christian Science Monitor*, September 20, 1968. *The New York Times*, September 29, 1968.

They are the farmers of the countryside, the urban poor, the isolated Indians of remote parts of the country—all of whom eke out a rather miserable existence and provide a sharp contrast to the growing middle class in the cities and towns. While these poverty-stricken groups have shown only limited indications of restlessness, there have been occasional incidents in the past several years and the student unrest in 1968 is being taken by some observers as a warning of what may be in store for Mexico.

THE STUDENT CHALLENGE

The student unrest began in the final weeks of July and at first only involved students attending vocational and preparatory schools in Mexico City. There are several versions of how the trouble started, but the account generally accepted as being closest to the truth suggests how trivial it was at the beginning. According to this version, the trouble started on July 23 when a student from a vocational school got angry with a preparatory school student for bothering his girl friend. A fight ensued and soon several hundred students from each school were involved.⁴

Within a week, full-scale student rioting was under way in Mexico City. University students from both the National University of Mexico and the National Polytechnic Institute became involved, in part because of their schools' associations with the vocational and preparatory schools, but also because of a high degree of dissatisfaction with the government's performance in Mexico. A student manifesto, issued July 29, said that "students reject the idea that Mexico is a nation where economic progress has solved our major social problems and where revolution has given way to stability. We still need some revolution." What started as a relatively unimportant event had quickly taken on political overtones. For their part, the students composed a list of complaints including government corruption, one-party rule, heavy-handed

police tactics, and a corrupt judicial system. None of the complaints were new. But the students drew nationwide attention to them as never before.

President Díaz Ordaz and his government responded to the student challenge with a show of force which only tended to fuel the student protest. The *granaderos*, as Mexico City's riot policemen are called, moved against the students, breaking up each demonstration with tactics which drew not only student protest, but public wrath. There were complaints of police brutality. Student leaflets circulated in early August compared the *granaderos* with "Hitler's assassination squads" and President Díaz Ordaz himself began to come in for criticism.

The students soon declared a strike and formed a strike committee, which issued a list of grievances. They continued to stage protest demonstrations and this in turn led the government to call on the army to handle the student strikers. Army forces, using tanks and tear gas, charged into demonstrating students on a number of occasions, wounding a number of students and bystanders. There were at least 47 separate demonstrations between July 23 and August 10.⁵

By mid-August, the students had made a list of six demands which they gave to the government. The demands included freedom for all political prisoners in Mexico, abrogation of Article 145 of the penal code which punishes acts of subversion, treason, and other forms of public disorder under the general heading of "social dissolution," elimination of the *granaderos*, dismissal of Mexico City's police chief and his deputy for their roles in handling the student protests, payment of indemnities to the victims of the "aggression" of the *granaderos* and army forces, and the fixing of responsibility for the "aggression."

The list appeared in Mexico City newspapers, and handbills with the demands were widely circulated in Mexico City. Government officials did not respond to the list and official silence was maintained by President Díaz Ordaz. But within the government, there was a debate over the issue of how to respond to the student challenge.⁶ Accord-

⁴ *The New York Times*, September 9, 1968.

⁵ *The Christian Science Monitor*, September 20, 1968.

⁶ *The Christian Science Monitor*, August 22, 1968.

ing to some sources, the debate was between the hard-liners who argued for repressive measures to deal with the students and the soft-liners who championed restraint and suggested a dialogue with the students. The hard-liners prevailed at first, but by mid-August the soft-line view was put into practice.

For their part, the students also changed tactics in mid-August. Until then, they had engaged in a series of minor protests, none of which involved more than several thousand students each. On August 13, the student leaders rallied close to 150,000 students in a march from the National Polytechnic Institute campus through Mexico City at the evening rush hour to the Zócalo, the central plaza in Mexico City, where the seat of government is located. More than tying up traffic during the rush hour, the protest march was a direct challenge to the Mexican government. The Zócalo is normally reserved for officially sponsored pro-government outpourings of support. The August 13 march was a far cry from that type of demonstration.

Many of the students in the August 13 movement carried placards which linked President Díaz Ordaz with the police and army actions in the earlier student demonstrations. He was called a variety of epithets including: "criminal," "hated beast," and "assassin," the latter a reference to a list of 32 students whom the demonstrators claimed had been killed in the earlier clashes. The government denied the charge and it had not been substantiated.

A second massive march on August 27 was even more impressive and more provocative. Close to 300,000 Mexicans, including a variety of groups other than students, took part in the second march. Like its predecessor, this march took place at the rush hour and snarled traffic for hours. The students marched from Chapultepec Park, passing the American Embassy and only occasionally shouting anti-United States themes, and then went to the Zócalo again, this time to restate their list of demands and to set up a vigil in

the Zócalo until the demands were met. The *granaderos* and the Army early the next morning moved into the plaza and pushed the students out.

THE STATE OF THE NATION

The next act in the student-government confrontation was President Díaz Ordaz's September 1 state of the nation address.⁷ In words both conciliatory and tough, he called on the students to end their protests, but admitted that they probably had some justification. He said he was determined to end the unrest. "We can no longer permit the continued open violations of our legal system. It is our unquestionable obligation to prevent the destruction of the basic legal principles under whose shelter we live and progress together." He denied that Mexico was holding political prisoners, as the students had claimed. But the President offered to support public hearings on the student demand that the "social dissolution" article in the penal code be repealed.

It was obvious that President Díaz Ordaz was worried about the student protest. He devoted nearly one-third of his address to the protest and related problems. Concern over the forthcoming Olympics was uppermost in his thoughts. He recounted the decision of his predecessor, President Adolfo López Mateos, to seek the Olympics and then the realization by the outgoing López Mateos government and his own government of the difficult challenge they had accepted.

"We are not going to let the student protest interfere with the Olympics," President Díaz Ordaz concluded.

But the demonstrations continued through September. And many observers, including members of the International Olympic Committee (I.O.C.) had some uneasy moments. The Díaz Ordaz government promised the I.O.C. that the student protests would not interfere with the actual Olympic competitions. Following the state of the nation address, the government adopted a get-tough policy with the students and subsequent clashes between the students and units of the police and army resulted in a mounting toll

⁷ *The New York Times*, September 2, 1968. *The Christian Science Monitor*, September 4, 1968.

of dead and injured. The climax came on the night of October 2, when thousands of soldiers opened fire on a peaceful student rally in the plaza of a housing project which abuts an ancient Aztec ruin. At least 19 persons were killed, 500 were wounded, and 1,500 were jailed in the ensuing melee. Before long, the students and many others in Mexico were calling it *La Noche Trieste*—“The Night of Sorrow”—a name which recalled the year 1521 when Hernán Cortéz was temporarily slowed in his conquest of the ancient Aztec Empire.

With many of their leaders in jail and with the prospect of continuing army action if they pursued their protest as the Olympics approached, the students agreed to remain quiet during the Games. But few observers doubt that the students will renew their protests. While the student movement has so far failed to attract much visible support from other sectors of Mexican society, it does have both support and sympathy throughout Mexico.

In fact, the students' challenge to authority—if not their immediate cause—is appealing to many Mexicans, who have grown tired of Mexico's one-party political system and its failure to make more rapid strides in solving the nation's problems.

THE ONE-PARTY SYSTEM

The system, which has allowed the *Partido Revolucionario Institucional* (P.R.I.) to govern without much opposition, is unique. The P.R.I. is actually a party of consensus. It has become a sort of umbrella embracing and representing diverse sectors of Mexican society. By some standards, such one-party rule would hardly seem democratic. Yet there are clearly some elements of democratic practice within the framework.

Actually the Mexican system has worked reasonably well since the party was founded in the 1930's. Moreover, the system is correctly credited with helping Mexico achieve her present political peace and economic growth, while permitting a degree of social mobility uncommon to the rest of Latin America.

Wrapped up in the P.R.I. is the mystique

of a permanent revolution—a concept which the student protest is challenging. Virtually all political spokesmen, including President Díaz Ordaz, go to great efforts to ennable the concept of a “continuing revolution.” The President did so in his state of the nation address, and he cited a variety of statistics to prove his point.

He noted, for example, that the Gross National Product increased by 6.4 per cent in 1967, a rate 2.9 per cent higher than the increase in population, which puts Mexico high on the list of Latin American nations with good records of Gross National Product. He could have cited, but did not, the estimates of banks in Mexico City that the 1968 GNP increase would reach 7 per cent in 1968 and could well top 8 per cent in 1969.

Actually, the economic picture remains generally bright. Exports, which fell off in 1967 due to floods in parts of the country, recuperated sharply in 1968 and estimates for that year suggest the increases will be recorded across the board when final figures are in.

Offsetting these good economic indicators, however, are several clouds on the horizon. Mexico's petroleum industry is lagging. *Petroleos Mexicanos*, the state-owned enterprise known generally as PEMEX, is having to import certain grades of crude oil for the first time since the oil fields were expropriated in 1936 from their United States, British, and other foreign owners. The oil officials are trying to keep the news out of print and it has not appeared in the Mexican press. But there have been reshuffles of top executives in PEMEX during 1967 and 1968 in an effort to effect some sort of reorganization of the state oil monopoly.

THE POPULATION SPIRAL

Perhaps of more serious consequence is the continuing population spiral. Since 1939, the rate of population increase in Mexico has risen from 1.7 per cent per year to over 3.1 per cent per year. By 1980, at the present growth rate which shows no signs of slowing down, Mexico's present population of 45 million will have increased to 65 million. The

question is being asked increasingly whether the present economic growth can continue if population continues to spiral. Very little is done to curb the population growth. In fact, the attitude of the Mexican government is generally one of only limited concern about the issue.

Yet during August, 1968, while the student protest was gaining momentum, the ministry of labor was quoted in Mexico City newspapers as expressing "worry over the population issue." Both unemployment and underemployment are problems for the labor officials. Unemployment is currently running at 2.9 per cent. Although there are no statistics for underemployment, it is estimated that fully 40 per cent of the male working force is underemployed.

Underemployment bears heavily on millions of people in rural areas and on the urban poor where there have been signs of discontent in recent years. With an increasing number of young people entering the labor market each year, the problem is bound to grow and the discontent could well fester.

There is evidence, however, that some Mexican officials are becoming concerned over this potential discontent. There has been an increase in government assistance programs to rural parts of the nation. Loans to small farmers are more common than they were 10 years ago, and public officials are quoted frequently on the need for improving the lot of the people in rural areas. Still the contrast between those who have profited by Mexico's long political stability and economic growth and those who have not is sharp. The contrast is perhaps most evident in Mexico City.

Olympic visitors saw a city of 7 million inhabitants, with broad avenues, spacious homes, countless high-rise luxury apartments, sprawling areas of low-income housing—all backed up against even more sprawling areas of squalor. A survey issued in July, 1968, noted that 62 per cent of Mexico City's population lives in substandard dwellings, another 10 per cent in what was termed "just barely adequate dwellings."⁸

⁸ *Excélsior*, Mexico City, August 16, 1968.

But there are mitigating factors in this analysis as far as Mexico City is concerned. It is possible, for example, for a man born into poverty to lift himself to lower middle-class status, according to sociologists who compare Mexico City favorably with both the Mexican countryside and with other Latin American cities, where such social mobility is uncommon.

For the students who launched their protests in July, 1968, such social mobility is not enough. In addition to the list of official demands made of the government, many of the student protesters want more vigorous government efforts to solve the poverty problem in Mexico—in both the city and the countryside. One of the student manifestos issued in September called on President Díaz Ordaz "to take immediate action to eliminate economic inequality."

There is general agreement that Communists were involved in the protest, but they never controlled the movement, nor did they have much influence on its direction. In his September 1 state of the nation address, President Díaz Ordaz did speak of "foreign agitators." But government spokesmen afterwards said he referred to a handful of United States citizens who were arrested in several of the early incidents. Moreover, there were hints that his statement was calculated as a warning to the students to make sure that Communists and other foreign extremists did not get involved.

There was a general consensus following the President's speech that he had some sympathy for the students. Whether this is a valid assumption is uncertain. But if there is uncertainty over the President's position,

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“. . . Uruguay in 1968 was perilously close to economic bankruptcy and political chaos. . . . If a nation with so many favorable circumstances, which for some years had achieved order, social justice and a standard of living near the European level, now falls apart, the prospects for other, less fortunately endowed Latin nations must seem darker.”

Uruguay: A Bankrupt Welfare State

BY SAMUEL SHAPIRO
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THE IMPENDING ECONOMIC collapse of Uruguay has a significance greater than its small size (2.9 million people in an area half the size of Arizona) and remote location would seem to indicate. For many decades this small buffer state between Argentina and Brazil was the best governed, the most progressive and the most prosperous nation in all Latin America. It still enjoys impressive advantages when compared with its Latin neighbors: an absence of racial problems, a pleasant temperate climate, plenty of good farmland, roads and railroads, a large, educated middle class, and a strong tradition of political democracy and stability. Four and a half times as large as Switzerland, to which it has often been compared, Uruguay has only half as many people, vastly more and better farmland, and a seaport.

Yet Uruguay in 1968 was perilously close to economic bankruptcy and political chaos, with a declining Gross National Product, inflation of over 100 per cent a year, a wave of strikes and street violence, a discredited government, and a general sense of frustration and impotence. If a nation with so many favorable circumstances—which for some years had achieved order, social justice, and a standard of living near the European level—now falls apart, the prospects for other, less fortunately endowed Latin nations must seem darker.

Before the twentieth century, and the re-

form presidencies of Jose Batlle y Ordóñez (1903–1907, 1911–1915), Uruguay's history was no different from that of her *caudillo*-plagued neighbors—a dreary chronicle of civil wars, *golpes*, dictatorship, and “absolutism tempered by assassination.” Two of Batlle's immediate predecessors were shot, and one resigned with the comment that the nation was “ungovernable.” When Batlle first took office, Uruguay had the highest per-capita debt in all South America, requiring 40 per cent of government revenues to service it; another 30 per cent went for the army and only 5 per cent for education (less than half the population was literate). Livestock was the largest industry, but meat had to be exported in salted form because the nation did not have a freezing plant.

During the quarter-century following Batlle's first inaugural (he remained the nation's dominant figure until his death in 1929), Uruguay was transformed into the most advanced welfare state in the hemisphere. The defeat and death of the last *gaucho* guerrilla leader in 1904 marked the beginning of an era of stability and solid two-party politics (broken only by a relatively mild dictatorship, 1934–1938). Batlle began a program of government ownership that at present involves 22 public corporations which operate the central bank; provide fire, life, and accident insurance; sell electricity; and manage the railroads, Montevideo's port,

streetcars, telephone and telegraph facilities, radio and television stations, a gambling casino, three packing houses, three tourist hotels, beaches, and the manufacture of alcoholic beverages and cement. Along with a social security system that antedated the New Deal by two decades (and was far more comprehensive and generous) went a host of minor reforms. Uruguay was the first or one of the first nations in the Americas to cut her army down to manageable size, to abolish the death penalty, to separate Church and State and legalize divorce, to introduce woman suffrage, and to provide for the eight-hour day and free medical care. Some of the new state-owned businesses lost money from the start, but during the prosperous 1920's the others could pay for them. Batlle died in 1929, just as the boom was coming to an end.

The Batlle system survived the Great Depression surprisingly well. President Gabriel Terra, a member of Batlle's *Colorado* party, dissolved the Congress in 1933, dismissed his cabinet, introduced a fitful and erratic censorship, and governed through an alliance with the conservative *Blanco* party. But the state corporations continued to operate, and the social legislation of previous decades remained in effect. Terra's brother-in-law, General Alfredo Baldomir (President, 1938-1942), restored freedom of the press and free elections, and returned to the weakened executive form which Batlle favored.

During World War II, Uruguay prospered through her exports of wool, wheat and beef, and remained a democratic refuge for men and money fleeing from dictatorships in Europe, Argentina, and elsewhere. Batlle's greatest posthumous triumph took place in December, 1951, when Uruguay voted to abolish the Presidency and replace it with a nine-man Council of State (six majority, three minority members), with four of the majority members taking turns as Chief Executive for a year each. Batlle felt that this system—which he had observed in Switzerland during a European tour in 1907-1911—was the best way to prevent dictatorship, the endemic disease of Latin America.

The early 1950's, the years of the Korean

War and high prices for Uruguay's exports, were the best—and the last—good years for Uruguay. In 1950, an all-time high of 342,000 metric tons of meat (370 pounds per capita) passed through the Montevideo packing houses; exports that year were 63,000 metric tons of beef and 96,000 metric tons of wool (wool production reached its peak in 1954). Minimum wage laws and consumer subsidies, financed through export taxes and exchange differentials, diffused prosperity through the solid middle class of Montevideo (now a metropolis of 800,000 with one-third of Uruguay's population). With more livestock per capita than any other nation in the world, with a daily caloric intake of 2,900 per capita (second only to Argentina with 3,400 and the United States with 3,100), with complete civil liberty and elaborate social security, Uruguay fully lived up to the title of Simon Hanson's earlier study, *Utopia in Uruguay* (Oxford, 1938).

END OF PROSPERITY

As later events were to prove, this paradise on the Plata was built on unreliable foundations. Agriculture, the very basis of the economy, was fundamentally unhealthy, with high export prices only temporarily concealing its essential weakness. Batlle, whose *Colorado* party drew its support from the middle-class, largely immigrant population of Montevideo, never touched rural Uruguay, which he thought would evolve "in response to natural forces." Consequently, as the 1956 Agricultural Census revealed, Uruguay's excellent soil was largely given over to relatively unproductive large estates and tiny *minifundia* (small holdings), with one per cent of the owners holding more than one-third of the total farm area. (See Table I.)

The National Colonization Institute was set up to eliminate this imbalance, but in its first six years managed to redistribute only 1.5 per cent of the farms of over 1,000 hectares.

With the government skimming off export profits in good years to support ailing state-owned industries and the immense bureaucracy (which took 75 per cent of state ex-

TABLE I: Land Ownership*

Numbers of Farms	Area (Hectares)	Total Area (000 omitted)	Per cent of Total
56,600	1-49 (small)	759	15
18,200	50-199 (average)	1,833	18
10,700	200-999 (large)	4,704	30
3,500	1000 and above (very large)	9,352	36

(1 hectare = 2.5 acres)

(*data from 23rd *Boletino Informativo, Instituto de la Arquitectura y Urbanismo*, April, 1962)

penditures during the 1960's), there was little incentive to invest in fertilizer, pesticides, machinery, or improved pastures. Yields remained at a dead level for a quarter of a century after 1940, and after 1950—as a consequence of disinvestment, neglect, and stagnation—agricultural production began a slight absolute decline. A 1964 study contrasted Uruguay's lagging livestock production (27 head of cattle for every ton of beef produced) with that of other regions (Argentina, 17 head per ton; United States 15; Holland 13), and suggested that production could easily be doubled with improved grasses, silos, and barns for winter. But nothing was done. Farm machinery and fertilizer were expensive, imported items, and it was easier, cheaper, and carried more prestige to put surplus funds into additional land instead. The wretched *rancherios* (rural slums) remained what *Blanco* leader Luis Alberto Herrera called them, "A public calamity, a den of malignancy and thievery, the center of disease of all kinds, without hygiene, without schools."

With agriculture ailing, Uruguay's hot-house industries also fell upon evil days. Producing for a home market of less than three million people, with no local iron ore, coal, or oil for raw materials, unable to sell abroad in the face of more efficient factories in Sao Paulo and Buenos Aires, Montevideo's few manufacturing concerns survived only through subsidies, special foreign exchange rates, and mountainous tariff walls (plastic containers, for example, are presently subject to a 225 per cent tariff and an ad valorem import deposit of 300 per cent). Even those industries which process the products of Uruguay's farms and fields approached bankruptcy during the 1960's because of high costs,

bumbling management, inflationary pressures, and intense labor unrest; as Batlle's old paper *El Dia* put it in a 1968 editorial, "our trouble is that we don't want to work." Smuggling operations crippled the wool industry, and the Swift and Armour meat-packing plants were both closed as unprofitable in 1957, temporarily throwing 12,000 men out of work (the government took the plants over and continued to run them at a loss). Between 1956 and 1962 (with 1961 = 100), textile output fell from 140 to 89, food processing from 116 to 102, the output of clothing and shoes from 128 to 88, and construction from 126 to 86.

As the economy stagnated, and output per capita fell, it became evident that the generous program of social security, free medical care, family allowances, numerous paid vacations, and impossibly high severance pay would have to be trimmed. Because she has a population growth rate of only 1.4 per cent a year—one of the lowest in the hemisphere—Uruguay does not face the problem of supporting great masses of unproductive children under 15. Instead, she has the burden of a monstrous bureaucracy and an army of pensioners; out of a work force of 1 million, 250,000 are civil servants, and there are 340,000 retired persons entitled to pensions. With the political parties vying with each other in generosity, it is possible to retire at 50 and receive a pension 40 per cent larger than one's salary (because no taxes or social security payments are deducted from it). As a consequence, 267,000 persons, many of them in the most productive years of life, were drawing pensions in 1965, one for every 2.5 workers.

It is, of course, extremely difficult in a democracy to take away benefits to which

TABLE II: Money Supply*

Years	Pesos in Circulation (In Millions)	Change over Previous Year
1953	698	—
1954	751	+ 8%
1955	789	5
1956	890	13
1957	944	6
1958	1235	31
1959	1767	43
1960	2232	26
1961	2828	27
1962	2854	1
1963	3527	24
1964	5352	52
1965	9501	103

(*data from *International Financial Statistics, passim*)

the electorate has become accustomed, and to which it feels itself entitled. As the economy crumbled, the shaky governments of the past decade resorted instead to all kinds of expedients to postpone the day of reckoning. Loans from the Inter-American Bank, from private New York banks, even from those ailing neighbors—Argentina and Brazil—have been resorted to, up to and beyond the limits of Uruguay's ability to repay them. At times, the government has simply confessed its inability to meet civil service payrolls; school teachers, bus drivers, bank employees and others have gone without pay for weeks or months. And, increasingly, both *Blanco* and *Colorado* governments have resorted to the printing press. (See Table II.)

Irresponsible finance and sharp export declines brought repeated devaluations of the peso, from its prewar parity with the dollar to 3 to 1 in 1953, 11 to 1 in 1960, 100 to 1 in 1967, and 250 to 1 at the end of 1968.

POLITICAL PROBLEMS

The economic malaise has been sharpened by the political events of recent years. Batlle's favorite scheme of a rotating executive, put into effect in 1952 and continued until 1967, proved ineffective. The one-year Presidents lacked executive power, and their 9-man Councils spent most of their energy bickering and scheming for political power. As President Luis Giannattasio (1964–1965) put it, "our politics goes by bicycle, while the problems go by jet." In 1958, after 93 years in

power, Batlle's *Colorado* party was voted out in favor of the conservative, rural-oriented *Blancos*, but the new men proved just as ineffectual in office as the old ones. Nineteen of the 22 state-owned industries ran at a loss; government employees went unpaid for months and pensioners for years; strikes, tax evasion, banking scandals, inflation and smuggling gave evidence of a disastrous decline in national morale and morality (in 1965, one quarter of all imports were illegally smuggled into the country).

After defaulting on payments on part of the \$600-million national debt, and asking for an increase in money in circulation from 4.2 billion to 9.8 billion pesos in a single month (July, 1965), *Blanco* President Washington Beltran confessed that he could not meet government payrolls and blamed Uruguay's bankruptcy on the unworkable rotating presidency, "a well-intentioned experiment that has become a total failure." In 1966, the voters abolished the *colegiado* and returned the *Colorado* party to power, electing retired General Oscar Gestido for a five-year term with an overwhelming 100,000 vote margin.

Gestido took office in March, 1967, amid cautious optimism. A spokesman for the conservative wing of the *Colorados*, he had a good record in managing the tangled affairs of the government railroads and PLUNA, the national airline, and his inaugural address struck a reasonable, common sense note:

There is no magic formula to make things well, only honest, hard work, and routine, and meticulous planning for the future. You will have an honest, capable, and devoted government. . . . If the Uruguayan people want to commit suicide, there is no government on earth that can prevent it. But if the Uruguayan people want to be saved, it lies in their power to do so.

But it is hard to introduce common sense and honesty into an economic system that has not known either for decades. Gestido had to pay the 90 per cent civil service salary increases which the *Blanco* council had granted in a desperate appeal for votes just before the 1966 elections; he had to make payments on a foreign debt that was coming close to the Gross National Product in size; he had to confront continuous strikes by bus drivers,

milk retailers, doctors, bank clerks, long-shoremen, newspapermen, and others; he found it very difficult, for political reasons, to fire any of the one-in-three working adults in Montevideo who held a government job; he had to deal with the consequences of disastrous floods, which wiped out the entire citrus crop and drowned 1 million sheep (out of 24 million), and 1 million cattle (out of 8 million).

The slaughter of all cattle had to be forbidden altogether for three months to build up the depleted herds, and lemons were so scarce and expensive they were sold by the slice. The long-term slide in exports became a sudden drop (from \$186 million in exports in 1966 to \$146 million in 1967); inflation continued at a catastrophic rate of 120 per cent a year; and the peso continued to fall.

After six months of moderate reforms, and with public confidence in the government once again crumbling, Gestido decided to take drastic measures, in line with his campaign slogan, "for great evils, harsh remedies." An emergency law of August, 1967, gave the President power to limit imports severely. He instituted a wage freeze and a cutback in the bureaucracy; began checking the Brazilian border for smuggled automobiles; broke several strikes with the Army; jailed 30 grocers for profiteering; and ended the currency black market by devaluing the peso 100 per cent in a single day (from 100 to 200 pesos to the dollar, November, 1967). These measures—and a limited state of siege to enforce them—had hardly been put into effect when Gestido died in his sleep of a heart attack, bequeathing his program and problems to his successor, Jorge Pacheco Areco. Even those leftists who had opposed his shift to the right spoke of his death as "a catastrophe of incalculable gravity."

Pacheco, a relatively unknown editor and congressman, had become vice president by an electoral deal; he lacked the reputation and personal popularity of his predecessor, making it more difficult for him to continue with necessary but unpalatable measures. In his first year in office (his term will run until

1972) Pacheco has moved steadily to the right, turning to the *Blanco* leadership for support, breaking strikes, closing two opposition newspapers, and outlawing the old Socialist party after 60 years of legal, electoral life. The economy remains worse off than ever, with wool unsalable because of competition from Argentina, New Zealand, and Australia, and the English market for beef cut off completely because of the tragic *afcosa* (hoof and mouth) epidemic there. Inflation in 1968 was again more than 100 per cent a year, and many Uruguayans have become so impoverished that they can no longer afford to buy a newspaper.

In ten years, circulation of Montevideo newspapers fell 66 *per cent*, with a loss of 330,000 circulation; Uruguay fell from second place in the hemisphere in circulation per capita to 10 papers per 100 people, as against a suggested UNESCO minimum for developed nations of 50 per 100. Pacheco has made the nation's retrograde condition official by having to ask that Uruguay be classified in the Latin American Free Trade Association as one of the "undeveloped nations," along with Ecuador, Paraguay, and Bolivia.

There are, indeed, those who feel that the situation is all but hopeless. As one businessman told a *New York Times* reporter (June 18, 1965) :

This country is not to be taken seriously. We have no way out, we have no future. We may just as well consume everything we have, and then wait for the Americans to come and help us out.

Emigration, from a nation that was once a haven for refugees from European poverty and Latin American dictators, has risen to a level unmatched in the hemisphere outside of Cuba, from 300 in May, 1967 to 1,200 in May, 1968, and over 15,000 October, 1968. *Vivoism* (trickery), indolence, profiteering, the passing of bad checks (some of them by the government), tax evasion, political favoritism and smuggling have become a way of life; Cabinet officials have been dismissed for seeking bribes. After decades of inflation, featherbedding and living beyond the nation's means, the very foundations of Uruguay's

national life seem to be breaking up. And there is as yet no sign of a Batlle to lead, or of a popular will to follow the hard path that could lead to national regeneration.

WHAT OF THE FUTURE?

If, as seems at least possible, the Batlle system of socialism, two-party democracy, civil liberties, and the welfare state should collapse, who would be its heirs? The Uruguayan Army is small, democratically-oriented, and has not played a political role for more than three decades. But it is one of the few disciplined groups left in the country, and it has the examples of military take-overs against "anarchy" in both its powerful neighbors—Brazil and Argentina—in recent years. A vote with political overtones in the *Centro Militar* (Officer's Club) to pay homage to the memory of Latin American soldiers killed "complying with their duty to safeguard the sovereignty of their countries" was defeated by only 540 to 290 votes. Some officers, like retired General Juan Ribas (who as director of the national port administration has clashed with Communist-dominated unions), favor a crackdown on "irresponsible" elements by the military, if necessary; continued drift would strengthen their convictions and bring them recruits.

The other potential beneficiary of an economic-political smash-up is the Uruguayan Communist party (P.C.U.) one of the hemisphere's oldest, headed by pro-Soviet Rodney Arismendi. Although it is a legal party, with plenty of funds openly supplied by the Soviet Embassy, the P.C.U. has run poorly against the entrenched *Colorados* and *Blancos*. In the 1962 elections, for example, the *Frente Izquierda de Liberación* (Left Liberation Front, the initials spelling out—through no coincidence—FIDEL), got only 3.5 per cent of the votes, 41,000 out of 1.1 million; in 1966 the *Frente* increased this only to 6 per cent, electing 1 senator and 5 deputies. The Communists, on the other hand, have impressive strength in the labor movement, controlling unions with 400,000 of the 1 million workers in the country, including such key groups as the Wool and Textile Workers

(15,000 members), public employees (20,000), Port Workers (8,000), Cement, Alcohol, Petroleum (4,000), Bank Employees, Public Utility Workers, Cooks and Waiters, and Commercial Employees.

Montevideo is the nerve center of Communist-bloc activity in South America, with embassies from the Soviet Union, Czechoslovakia, Rumania, Bulgaria, Poland, and Yugoslavia. The U.S.S.R. alone has about 70 embassy employees, 10 times as many as Uruguay has in Moscow. (Three were expelled in September, 1968, allegedly for encouraging strikes and street demonstrations.) Uruguayans do not take the threat of totalitarianism very seriously, and the current party line abjures violence and dictatorship. But bitterness and despair might make any alternative to the existing system seem attractive, and in recent months there have been sharp battles between the police and students at the National University, and between police and unemployed packing-plant workers in "the Hill," a slum suburb of Montevideo. The Communists can and have used their economic muscle to paralyze the government; they might some day try to seize power, which might trigger an intervention by the military regimes to the north and west, supported by the United States (which has recently stepped up assistance to the government security forces).

Such gloomy possibilities are a sad comment on the present state of a nation that was once a lighthouse of freedom, peace and prosperity in a dark and stormy continent, a "Utopia," "the Switzerland of South America." The 1964 census (the first since 1908, in itself a sign of government ineptitude) exploded some false notions about the country. Uruguayans believed they had 3.2 million people of whom 90 per cent were literate. The census counted only 2.5 million, of whom

(Continued on page 51)

Samuel Shapiro is the author of *Invisible Latin America* (Boston: Beacon Press, 1963) and editor of *The Integration of Man and Society in Latin America* (Notre Dame: Notre Dame University Press, 1968).

“By now it is clear that the advent to power of this extraordinary man in Cuba, which until then had been a small and unimportant country in an area remote from the centers of world conflict, was an event of major importance.”

The Cuban Revolution in 1968

BY ERNST HALPERIN

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IN TRIBUTE to his associate, Che Guevara, who was captured and summarily executed in the course of a guerrilla operation in Bolivia in October, 1967, Cuban Premier Fidel Castro officially proclaimed the year 1968 to be “The Year of the Heroic Guerrilla.”

Actually, the death of Guevara spelled the end of Castro’s desperate attempt to relieve the besieged fortress Cuba by spreading the revolution to the South American landmass. A propaganda campaign glorifying the Argentine-born guerrilla leader—and a wave of genuine, spontaneous sympathy among the romantically-minded youth—have since swept the world. This does not alter the fact that Guevara’s venture ended in total defeat. Such defeat did not inspire imitators. Although Cuba continued to give moral and material support to Latin American guerrilla movements, the year 1968 was not marked by guerrilla ventures on the Bolivian scale. Throughout the year, the remnants of guerrilla groups in Guatemala, Venezuela and Colombia were on the run, and attempts to initiate new guerrilla operations in other Latin American countries were nipped in the bud.

The setback did not cause Castro to moderate his policy toward the United States. He spelled this out very clearly in a speech on April 19, 1968, in which he said:

To think that they can even talk of Cuba’s returning ever again to that profane indecency

which is the OAS! If we ever join a regional body, it will be a regional body of revolutionary countries of Latin America. There is no other historical way out, there is no other path.¹

Nor has there been any change in Castro’s attitude toward the Soviet Union, an attitude which—in spite of Cuba’s economic and military dependence on Soviet Russia—is one of constant insubordination. In 1968, as in the preceding year, Soviet-Cuban relations were strained almost (but not quite) to the breaking point. Late in 1967, a group of upper-echelon “old guard” Communists loyal to Moscow had been arrested. In February, 1968, 35 members of this pro-Soviet “micro-faction” were sentenced to prison terms ranging from 2 to 15 years. The main charge against them was that they had circulated slanderous propaganda and had maintained contacts with Soviet, East German and Czechoslovak officials, to whom they had offered criticism of Castro’s policies and “false information” on the state of the Cuban economy.

Two further acts of defiance of the Soviet Union were Castro’s refusal to send representatives to the Budapest preparatory meeting for a Soviet-sponsored world conference of Communist parties, and the decision, announced by Foreign Minister Raul Roa in the United Nations on May 14, 1968, not to sign the nuclear nonproliferation treaty jointly promoted by the Russians and the United States.

On the other hand, Castro gave qualified approval to the Soviet occupation of Czechoslovakia.

¹ See *Granma* (Havana), April 20, 1968.

slovakia in August, 1968. In a speech which demonstrated his mastery in the fine art of goading the Russians without overstepping the limits of their endurance, he declared that Moscow had committed a flagrant violation of Czechoslovak sovereignty which "from the legal standpoint . . . cannot be justified."² Nevertheless, the Soviet action was "permissible from our viewpoint" because Czechoslovakia was "heading . . . toward capitalism and into the arms of imperialism" and "the socialist bloc has the right to prevent it in one way or another."

Castro then posed a question which has doubtless troubled even the most loyal Communists since the days of the Czechoslovak crisis: how was it possible that after a full 20 years of Communist rule, a situation arose in Czechoslovakia which made armed intervention by her Communist neighbors necessary? Castro saw the answer in trends among the Soviet bloc countries—trends certainly not restricted to Czechoslovakia: the stress on material instead of moral incentives, the "forgetting" of the Communist ideals of equality and selflessness, the "relaxation and softening up of revolutionary spirit" in the socialist countries, the constant peace propaganda which "will only bring about the disappearance of fighting spirit, a weakening of the people's readiness to face risk." He expressed the hope that the trend toward liberalization of the Soviet as well as of the Czechoslovak economy would now be stopped, and he demanded Warsaw Pact military protection not only for Czechoslovakia, but also for Vietnam, Korea and Cuba if requested.

This was not expediency, dictated by the fear that otherwise the Soviets might withdraw their aid. Castro has a genuine interest in the existence of a strong, expansive and aggressive Soviet Russia under whose armed protection he may continue to spread the revolution to the other Latin American countries. This distinguishes his attitude from that of Peking. Red China is definitely not interested in bolstering the military and po-

litical strength of Russia, her main rival on the Asian continent. That is why Mao, in spite of his complete lack of sympathy with the revisionist aims of the Czechoslovak Communists, has denounced the invasion, whereas Castro has approved it.

AN ECONOMIC SETBACK

In 1968, the Castro regime suffered a setback on the economic front. Owing to a drought, the 1968 sugar harvest turned out to be a full million tons lower than the 1967 figure of somewhat over six million tons, which had been high but had still fallen short of the projected goal for that year. Cuba thus seems further away than ever from attaining her aim of producing ten million tons of sugar by 1970. As a result of the lag in sugar production, Cuba's export capacity is becoming insufficient to pay for the country's most urgent needs, and the Soviet Union appears unwilling or unable to make up for this by increasing its credits. The industrialization plans, which had already been drastically modified in 1963, have thus run into new difficulties. In his first speech of the year, on January 2, 1968, Castro announced that owing to the increased needs of the new thermo-electric power stations and cement factories, and of the fishing fleet, rationing of gasoline had become necessary. This measure affected goods transportation in the public sector as well as private automobile traffic. The import of consumer goods was reduced to a trickle, and food rationing became even more stringent.

Coming after the defeat of the Bolivian guerrilla venture, these economic troubles threatened to affect the morale of the young revolutionary cadres on whom Castro's power depends. He responded in characteristic fashion by setting the targets of the revolution still higher and launching a vast campaign of revolutionary activism.

In two speeches on March 13 and 15, 1968, Castro ordered the immediate expropriation of all remaining private business enterprises. The drive was completed by the end of March. More than 55,000 establishments were either closed down or taken over by

² This and the following quotations from Castro's speech are taken from *Granma* (Havana), August 24, 1968.

the state. Most of these were minute, "hole in the wall" enterprises, many of them set up in the difficult years after the revolution to cater to needs neglected by state-owned, centralized industry and trade. Only the small private enterprises in agriculture were spared, at least for the time being.

The drive was not restricted to the elimination of private business. The state lottery was suppressed, rooster fighting—an exceedingly popular pastime—was prohibited, and all state-owned bars were closed. As Castro explained in his speech of March 15, a man would still be allowed to buy a beer or two, "but let him buy it and take it home to drink, for we do not have to foster drunkenness. What we have to foster is the spirit of work. . . ." In keeping with the puritanical turn of the revolution, the dockers of Santiago de Cuba were prevailed upon to renounce payment for overtime work. The journalists vowed to restrict themselves to their regular salary, without accepting payment for any second post, or for freelance articles. As one of them explained: "Is it possible to write about workers who renounce overtime pay, while collecting overtime for doing so?"

The first ideological justification of the expropriation measures was furnished by *Granma* in an article on March 29. After quoting Lenin's dictum that small commercial production breeds capitalism and bourgeoisie daily and spontaneously, the newspaper announced that Cuba now had the highest percentage of state ownership of all the socialist countries. Only 30 per cent of the land was still in private hands, and private ownership in all other sectors of the economy had been totally suppressed. *Granma* pointed out that in the other socialist countries an important part of the means of production, particularly in agriculture, still belonged either to private owners or, as in Russia itself, to cooperatives. Cuba had thus realized "the Marxist conception of the role of the state as the all-powerful and ever-

present manager of the economy," in accordance with Che Guevara's dictum that "planning is the way of life in the socialist society."⁵

In his anniversary speech on the 26th of July, Castro himself expounded on the moral aspect of the new revolutionary offensive. He rejected the policy of encouraging production by material rewards to those who worked best, as practised in the European Communist countries. The correct policy, as followed in Cuba, was to stimulate the social consciousness of the workers in order to make them aware of their duty toward the community; this would result in higher productivity and in greater riches, which would be distributed equally among the members of the community: "We must not translate money or riches into awareness, but awareness into riches." In this manner money would gradually lose all importance, until society could do without it.

As Minister of Industries, Che Guevara had persistently demanded that workers should be remunerated equally and that material incentives should be replaced by moral incentives. The opposition of the old guard Communists under Carlos Rafael Rodriguez had, however, prevented him from fully implementing his idea. He was now posthumously vindicated by Castro and, in this sense at least, the year 1968 was indeed "the Year of the Heroic Guerrilla," in spite of the decline of guerrilla activity in Latin America.

The puritanical measures of the new revolutionary drive were largely dictated by economic necessity, i.e., by the need to curtail consumption and economize on raw materials and imports. They certainly increased the discontent of the great majority of the population. But in the eyes of the revolutionary cadres, their ideological justification as a further step toward communism converted these exceedingly painful measures into a source of inspiration and enthusiasm. Once again, Castro proved himself a master in the art of totalitarian government, which does not need a general consensus, but only the obedience of a hard core of fervent believers.

1968 was the tenth year of Castro's regime.

³ *Granma* (Havana), March 16, 1968.

⁴ *Granma* (Havana), April 19, 1968.

⁵ *Granma* (Havana), March 29, 1968.

By now it is clear that the advent to power of this extraordinary man in Cuba, which until then had been a small and unimportant country in an area remote from the centers of world conflict, was an event of major importance. But in attempting to assess its exact significance we run into a difficulty that constantly besets those concerned with the writing of contemporary history—the unfortunate fact that history itself has a habit of retrospectively changing the meaning of events. The importance of contemporary events is determined by what follows from them, i.e., by future developments, and these developments are subject to accidental and hence incalculable change.

Just as in private life the most promising career may be brought to an end by an automobile collision or even by a tile swept from a roof during a storm, in public life a train of events may suddenly be halted, rendered insignificant or attain the most momentous significance through some unforeseeable occurrence: a new technological development, an international conflict in an altogether different part of the world, a snap decision made in a far-away country on the basis of inadequate and misleading information.

Bearing this in mind, it is still possible to note that in the field of world politics, the Cuban revolution has already achieved one significant result. It has brought about a successful Russian challenge of the Monroe Doctrine, enabling Russia to establish a foothold in the Western Hemisphere. That is doubtless why the Russians have so far tolerated Castro's extravagances and his acts of insubordination.

In its original form, the Monroe Doctrine was not addressed to the Latin American countries, but to the great powers of Europe. It was a blunt warning to those powers not to attempt any new encroachment on the territories of the Western Hemisphere. This courageous warning was issued in 1823, when the United States was still young and very weak, and hardly in a position to enforce its will. In 1865, the United States actually ordered one of the great powers, France, to withdraw her army from a Latin American

country, and that great power meekly complied. At that time the United States was a medium power, its military strength only temporarily inflated by the recent Civil War. It was not until the second half of the twentieth century that a European power was able to establish a new military and political base in the strategically important Caribbean area, in immediate proximity to the United States. That this was allowed to happen in 1960–1961, when the United States had already become the greatest military and industrial power in the world, does not speak well of the quality of contemporary United States statesmanship, compared to the statesmanship of the men who guided the destiny of a much weaker United States in the nineteenth century. Nevertheless, it is too early for a definite assessment of the significance of the Soviet challenge in the Western Hemisphere. Future events, decisions made in Moscow and Washington on the basis of circumstances yet unknown, will determine whether or not the flaunting of the Monroe Doctrine in Cuba is an event of surpassing importance or a mere episode.

TRANSFORMATION OF THE SOCIAL STRUCTURE

Another important aspect of the Cuban revolution is that it is the most determined effort ever made to transform the social structure of a Latin American country. In such a country, society is composed of two sectors, a politically incoherent and impotent lower sector, consisting mainly of those who work with their hands, and an intricately structured upper sector comprising not only the affluent, but reaching far down into the ranks of the white-collar workers. In spite of fierce political rivalries, the entire upper sector forms a cohesive whole, held together by a criss-cross of innumerable personal ties which span even the deepest political divisions. The position of the individual in this society depends on the quality of his extended family and friendship relations; personal recommendation by family members, friends and friends of friends is the decisive instrument of upward mobility. In Latin America,

personal loyalties to the extended family and to friends are stronger than impersonal loyalties to ideas and organizations.

In Cuba, the upper sector differed from that of most Latin American countries in being largely composed of late nineteenth and early twentieth century immigrants from Spain. The old landowning oligarchy with family trees dating back to colonial times, which is still so influential in countries like Colombia and Peru, was already very weak in pre-Castro Cuba—its economic power and political will having been broken in the unsuccessful first War of Independence from 1868 to 1878. But among the immigrants from Spain, and their descendants, extended family ties are as strong in Cuba as they are anywhere in Latin America, and they are supplemented by strong friendship ties formed in associations based on the immigrants' regional origin in Spain: the Galician, Asturian, Basque and Catalan centers.

Latin American dictators hitherto invariably ruled either in collusion with some faction of the upper sector, or by terrorizing the entire upper sector into submission, as was attempted by Dictator Juan Perón in Argentina and was achieved for many years by the Trujillo family in the Dominican Republic. Castro is the first Latin American dictator to attempt the actual destruction of the upper sector. Ideologically, this effort is expressed in Castro's stated aim of creating a "new, socialist man" with a new socialist ethos from which such traditional values as family and friendship loyalties are conspicuously absent; in practice, it is achieved by confiscation of property and by permitting mass emigration.

The exodus that started in 1959 has already brought 400,000 persons to the United States. It is still going on, and no end is in sight—the number of refugees being limited only by the restricted transportation facilities. The main body of refugees is settled in the Miami area. Refugees have maintained their old family and friendship ties; the older and more affluent refugees aid the recent, almost invariably destitute arrivals. This pattern has been decisive for the astonishing economic

success of the Cuban refugee community, which has established a place for itself in its new homeland more quickly than any previous immigrant group. Contact by letter and even telephone with relatives and friends who have remained in Cuba is also maintained, thus stimulating constant new emigration.

Although it is on a far larger scale, the exodus is reminiscent of the expulsion of the former ruling families and their clienteles from the cities of ancient Greece by the tyrants who superseded oligarchic rule. The refugees then formed Greek overseas colonies in Italy and Asia Minor. But the parallel should not be drawn too far. The modern Cuban exodus is not confined to a few oligarchic families and their followers. It includes a substantial sector of the Cuban middle class, which was one of the largest in Latin America. And among the more recent immigrants, there is a steadily rising proportion of persons from the lower sector, workers and even peasants; these are as antagonistic to the regime as the dispossessed members of the upper class.

It is highly unlikely that Castro will succeed in his attempt to form a new "socialist man" with ideals and values entirely different from those prevalent in old Cuba and the rest of Latin America. A similar attempt has failed in Russia in spite of constant pressure and indoctrination over a period of 50 years, and in the smaller East European countries it has failed for the period of a quarter of a century since the end of World War II.

In Europe, Communist dictatorship has not produced the "new, socialist man." Instead, in the European Communist countries there has been a modification of the existing values, though not in a direction agreeable to the Communists. There is no doubt that

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Ernst Halperin has made several trips to Latin America, and spent several months in Cuba in 1961 and 1963. He is the author of *Nationalism and Communism in Chile* (Cambridge: The M.I.T. Press, 1965).

In this article, the Prime Minister of Trinidad and Tobago outlines the steps his government is taking to strengthen the economy and improve the lot of the people.

Trinidad and Tobago

BY ERIC E. WILLIAMS, PC

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THE ACHIEVEMENT OF national independence in August, 1962, found the Caribbean country of Trinidad and Tobago with a legacy of economic problems.

The pre-independence economy was built principally on the production of export agriculture—sugar, cocoa, citrus, coffee—and the exploitation of the country's modest endowment of petroleum. The principal deficiency of this economic structure was that the technology and profits remained largely in the hands of absentee proprietors. Little of it spilled over into the domestic economy to diversify its structure in order to insulate it against the disastrous effects of a fall in commodity prices typically associated with primary products in world trade and, in the case of petroleum, the combined disaster of the fall in world prices and the exhaustion of the assets.

Pre-independence administrations were relatively efficient in providing the country with health services which had the effect of reducing the death rate to levels obtaining in the developed countries. There was a gradual reduction of infant mortality rates and a gradual elimination of such killer diseases as malaria, cholera, and tuberculosis. The net result was that in 1962, the year of independence, the country's population of approximately 900,000 was growing by a natural increase of over three per cent per annum, a rate among the highest in the world at that time. A basic economic problem was then, as it still

is today, to create jobs fast enough to absorb the 10,000 or more new job seekers who entered the labor market every year, as well as to create jobs for the many thousands who were unemployed.

In addition to the demographic problems created by the rapid growth of the population, the economy suffered from serious deficiencies in its infrastructure. There was too little water for domestic and industrial usage; the roads system was built to service the traditional export industries and not to bring new agricultural land into production or to open up the natural tourist assets in Trinidad and Tobago. The educational system was geared to produce a literate population but not one equipped with the skills required in a technological age. It produced professionals, teachers in the arts, doctors of medicine and lawyers, but not engineers, chemists, physicists or accountants.

The local policies of past administrations were motivated by the good-housekeeping rule of spending less than was earned, thus building a surplus as an end in itself. Surplus revenue was not channeled into national development but was held in foreign securities. Surpluses were not used to encourage the growth of domestic industry or the production of food from the relatively large acreage of unused agricultural land. The object was to collect enough to cover the normal recurrent commitments of government.

The efforts of nationals of Trinidad and

Tobago to achieve a far-reaching transformation of the economy began in the pre-independence period with the introduction of the first five-year development plan which started in 1958 and ended in 1962. This effort continued through 1963, an interim year in which projects not completed during the first plan were carried over into 1963. The second five-year plan terminated at the end of 1968.

The major goals of the first and second five-year plans have been the freeing of the local human and economic resources from dependence on direction from abroad and the initiation of that social and economic transformation which will enable the country to realize its full economic potential.

Both the first and second five-year plans dealt with improvements in economic and racial infrastructure undertaken by the public sector, improvements which also sought to influence directly the private sector of the national economy. Thus they related to projects and investments over which the government had direct control as well as to the private activities of individuals and firms—both local and foreign—over whose projects and investments the control of government was limited.

In the public sector, investment took the form of huge outlays in education, electricity, transport and communications, health, water and drainage (the so-called infrastructure of the economy). This created the climate in which even larger outlays of capital were invested in the private sector by private firms and individuals. In order to make these private investments possible, it was found necessary to offer a wide range of investment incentives. These included duty-free importation of machinery and raw materials, exemption from the payment of corporation taxes for periods of five to ten years, loans to industrial concerns, provision of factory sites and buildings at subsidized rentals and even assistance in the training of personnel for certain key industries.

Total investment in the public sector in the 1958-1962 period covered by the two plans

amounted to around \$600 million.¹ Of this total about \$250 million was spent on expansion of the electricity network, the transportation and communications systems and on drainage and reclamation. Some \$40 million was spent on the improvement of educational facilities and on training. Nearly 10 per cent was spent on increasing and upgrading housing accommodations and \$100 million was devoted to the improvement of health facilities and to water and sewerage. The development of agriculture, forestry and fisheries received about \$60 million and some \$40 million was devoted to assistance to manufacturing industries and tourism.

Local government facilities, public construction, social and community development and miscellaneous projects designed to alleviate unemployment absorbed the remainder of the development expenditure.

To finance these plans the government relied heavily on the local resources of the nationals of Trinidad and Tobago. Expenditure from previous budget surpluses and vastly increased levels of taxation both on individual incomes and corporations as well as a more widespread use of indirect taxation (such as import levies, purchase taxes, and excise duties) were the main source of financing. Foreign financial assistance in the form of grants and loans played a minor role from a quantitative viewpoint in the financing of economic development.

This point can be illustrated from the fact that, in the first five-year plan, 90 per cent of the funds came from local sources. The conversion of unspent balances (from the years preceding the first development plan) into social capital with little direct return meant that a major source of investment funds was no longer available during the second five-year plan and greater reliance had to be put on foreign financial assistance to maintain the level of public investment in the country. Increasing use was made of international lending institutions such as the World Bank, the Inter American Development Bank, the Exim Bank and government-to-government assistance for sources of funds.

Even with the increased use of external

¹ Amounts are in Trinidad and Tobago dollars.

financing, the bulk of the development financing came from local sources as revealed in the ratio of domestic to external financing of approximately 7:3 in the second five-year development plan.

MEASURES TO ACCELERATE GROWTH

In the last two years of the present five-year plan the most direct attack on the rapid growth of population was the introduction of the Family Planning Program by the government. This program has as its aim the halving of the birth rate in ten years. The program includes the voluntary use of all methods of contraceptives in recognition of the religious diversity of the population.

There has been a decline in the birth rate from 3.3 per cent in 1962 to 2.8 per cent in 1968. However, the full economic impact of the Family Planning Program will not be felt before the 1980's when the baby boom of the 1950's and early 1960's will have worked itself out, and the slower birth rates will begin to result in the accretions to the labor force in balance with the ability of the economy to find gainful employment for all.

The best long-term possibility of economic survival rests on the diversification of the economic structure of the economy. This has been the principal objective of the two five-year development plans. In recent years this diversification has been sought through extensive investment in domestic agriculture and in industry. In agriculture, the government has leased large tracts of fully developed state-owned land to nationals of the country for the production of dairy products, fruits and vegetables. This has been partly achieved by the allocating of large loans to the government by the World Bank and the government of Canada. The latter source supplied the farms with many thousands of high-grade cattle for milk production.

This program of agricultural development has already resulted in a significant and steady decline in food importation. The country is now self-sufficient in poultry and pork production and the importation of milk and meat is declining rapidly in favor of the growing domestic production of fresh milk and beef.

In agriculture, diversification is not limited to production of food for domestic consumption. A great deal of emphasis is being placed on increasing the efficiency and reducing the costs of production of the traditional export crops—mainly sugar, citrus, cocoa and coffee.

The manufacturing sector has been given generous incentives in order to assist in this vital role of diversification. Large numbers of products which were hitherto imported are now being produced locally. Many consumer durables are now being manufactured locally, either wholly or in part. A substantial proportion of the cars, stoves, refrigerators, household furniture, many items of clothing—particularly men's shirts and underwear and many items of women's and children's clothing—to name only a few, are being manufactured wholly or in part in Trinidad and Tobago. A good many of these items are beginning to find export outlets in the Caribbean and beyond.

On a regional level, the greatest filip to the manufacturing sector is expected to come from the inauguration in 1968 of CARIFTA (the Caribbean Free Trade Area) which embraces all the Caribbean Commonwealth countries from Jamaica to Guyana. This Free Trade Area will enlarge the effective market for the production of Trinidad and Tobago's manufactured goods.

On the institutional level, the creation of a Central Bank has proved to be an instrument for the mobilization of domestic savings. The Agricultural Credit Bank has been elevated to an Agricultural Development Bank with substantially increased loan funds. This will provide agriculture with the medium-and

(Continued on page 54)

Eric E. Williams was a Professor of Social and Political Science at Howard University, has held two Julius Rosenwald Fellowships, and has served on many commissions on the development of Caribbean agriculture and industry. He became Chief Minister of Trinidad in 1956, Premier in 1959, and Prime Minister on the achievement of independence in 1962. He is the author of many books and articles on the history of the West Indies.

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THE U.S. AND PANAMA

(Continued from page 18)

Two potential dangers lie in the path to ratification of the new treaties—the United States Senate and Panamanian politics. In the Senate, considerable opposition to “kowtowing” to Panama and relinquishing United States “rights” on the isthmus has already appeared. The Senate will most certainly wait until the Panamanian National Assembly votes on the treaties.

In Panama, too, the opposition to the treaties is rising. During the May, 1968, presidential elections, there occurred street agitation in favor of the candidacy of Arnulfo Arias, twice President of the republic and twice removed from the presidency in *coups d'état*. Arias' political orientation has always been towards the more strident, nationalistic forces (“Panama for the Panamanians”). In an electoral dispute, Arias was chosen chief executive again in 1968. Inaugurated on October 1, he served only a few days before the *Guardia Nacional* engineered a military coup against the government. The Panamanian military takeover may represent contagion from Peru's October 11, 1968, coup. Or it may portend deep troubles for the new treaties and the United States in the vital isthmian region.

URUGUAY: A BANKRUPT WELFARE STATE

(Continued from page 41)

289,000 had never been to school, and another 1 million with no more than a sixth-grade education. Functional literacy was only 60 per cent or less, not much higher than it was when Batlle came to power in 1903. Because of the low birth-rate, emigration, *empleomania* (the hunger for government jobs), and the abnormal fixation on retirement, Uruguay has become, in the words of one native critic, a “land of old men.”

The “breezy recklessness and audacity, the frankness and freehandedness” which Lord Bryce found so attractive in the Uruguayan

gaucho of 1912 has congealed into laziness, lack of discipline, daydreaming and international panhandling (at the Punta del Este meeting that inaugurated the Alliance for Progress, Uruguay asked for \$200 million in aid, some of it in 50-year loans at no interest). The day of reckoning, of payment for a multitude of national sins, is now at hand. One can only hope that Uruguayan democracy and good nature will survive the upheaval that seems so likely in the near future.

BOLIVIA UNDER BARRIENTOS

(Continued from page 30)

opment. Its existence is another example of how political brinkmanship looms larger in this government than does continuity of leadership in the development effort.

All opposition to the Bolivian government is now in the doldrums. General Ovando supports Barrientos and as long as this remains true the government cannot be overthrown or intimidated. If anything, Ovando and Barrientos emerged from the Arguedas affair with more monolithic support inside the military. The creation of a military cabinet and the removal of General Vasquez have consolidated this situation. Political protest is now more impotent than ever.

The M.N.R. is presently facing a nemesis which runs far deeper than the present doldrums facing other opposition elements. The Bolivian Falange, the other main political foe of the government, is caught in the same doldrums, but the Falange is not ideologically out of tune with the Barrientos government and its contacts with the Bolivian military are notoriously the best of any party. Barrientos himself was originally a *falangista*. The Falange is not an illogical political base for General Ovando in 1970.

Here, then, is a real dilemma as far as United States policy is concerned. On the one hand, reformist, messianic parties on the left in Latin America cause inevitable suspicions in Washington. Ironically, however, if they have to deal with the United States (and most of them need United States money to finance structural changes in their so-

sieties) Latin Americans must have the dynamism and commitment which provide assurance that the United States influence will not become disproportionate or sterile. On the other hand, governments like Barrientos', for all of their spurious agrarian populism, inherently lack ideological commitment. As a result, though they may offer easier access to Washington's influence, the consequences for development and for the image of the United States may be harmful.

NEW LEADERSHIP FOR THE O.A.S.

(Continued from page 24)

office attributes the arrearages to variations in national accounting systems, which may be true for some countries. For Bolivia, Haiti, Paraguay and Uruguay, whose payments are more than five years overdue, this explanation is clearly inaccurate. Financial needs have required the diversion of monies from the organization's pension fund to O.A.S. expenditures.

Secretary-General Plaza enjoys close relations with the United States, which last year enlarged its O.A.S. delegation and upgraded its status to that of a diplomatic mission, similar to its representation at the U.N. Washington still adheres to the "Johnson Doctrine," however. This places the United States on record against the "establishment of another Communist government in the Western Hemisphere." But a confluence of factors—the failure of revolutions to ignite across the Americas, the negative reaction to the 1965 invasion of the Dominican Republic, the increasing strength of military governments in key countries, and the war in Vietnam—militate against United States intervention in Latin America. Nevertheless, if a threat to United States security is perceived, expediency will take precedence over these considerations.

Plaza's honeymoon with Lyndon Johnson did not affect the U.S. Congress. For fiscal 1969, U.S. aid was slashed to its

lowest level in 20 years. Economic assistance to Latin America was cut to \$1.165 billion from \$1.308 billion in 1968 and \$1.357 billion in 1967. The Secretary-General's warning that there are "signs that the peoples of Latin America who have looked to the alliance [for Progress] for salvation are beginning to despair"¹³ went largely unnoticed by the economy-minded congressmen.

Social and economic development may provide one area of agreement and pending charter reforms will enlarge the role of the organization in this field. The Secretary-General could become a manager of development, though the United States Congress has limited his funds. However, the Alliance for Progress has been frustrated because the resources for change have often been funneled into governments committed to the status quo. And it remains to be seen whether a hemispheric body, itself fettered by a "come back tomorrow" bureaucracy, can promote the drastic reforms, higher savings levels, rational investment plans, and efficient administration required before protracted growth can take place.

BRAZIL: SECOND PHASE OF THE REVOLUTION

(Continued from page 12)

ian officers as well as civilians. The armed forces in general—and the army in particular—have traditionally had a favorable public image in Brazil, but they have been drawing heavily from the reservoir of civilian good will during the past five years, and they can see their prestige slipping each time soldiers are employed in police duty against the civilian population. This is a distressing aspect of the revolution for men who have been taught throughout their careers that politics is an unsavory game and who believe that the military should reserve the right to intervene only when the politicians themselves place national institutions in jeopardy. Such men have comprised a majority of the Brazilian officer corps since the 1930's.

¹³ *The New York Times*, August 1, 1968, p. 6.

In these circumstances, political stability will probably remain the norm in Brazil under Costa e Silva. The public attitude appears to be one of resignation combined with cautious optimism for the future. While the rules of the political game have been redrawn to obviate the possibility of an opposition victory in the presidential race, the elections scheduled for January, 1971, still offer the best prospect for orderly change. It is hoped that the transfer of power will be to a civilian president, or to an officer with broad popular backing, who will be able to lead the country back toward a more open political system under civilian control. Unless and until this hope is shattered and the people become convinced that the kind of government they have known since 1964 will be perpetuated indefinitely, they are not likely to seek political change through violence.

MEXICO: WHY THE STUDENTS RIOTED

(Continued from page 35)

other P.R.I. and government leaders seem to express a degree of sympathy with the students. One of them told this reporter in August that the students were calling attention to one of Mexico's basic needs—"a growing political maturity."⁹

Mexico's challenge at present is twofold: that of keeping up the revolution begun in 1910 and, at the same time, carrying it more effectively into areas it has yet to touch. This may bring about the breakup of the long-standing political consensus and its replacement in time with a more representative approach.

With that challenge before Mexico and with the students increasingly pressing their demands (despite the Olympics hiatus), the best that can be said for Mexico at the moment is that a mood of restlessness characterizes the situation and that it is potentially explosive. It is impossible to suggest what lies in store. But there are likely to be a number of major changes. The present crisis

for Mexico is probably its gravest since the 1910 Revolution and its immediate aftermath.

U.S.—LATIN AMERICAN RELATIONS

(Continued from page 6)

realistically hope to achieve in a Pan American system in which the United States crowds and cramps every potential rival.

With little subtlety, the United States let it be known how it felt about the general incompetence and irresponsibility of both regimes, but especially that of President Goulart, who was particularly vulnerable because of his very weak, opportunistic leadership and his readiness to fish in troubled international waters. The United States attitude undoubtedly gave encouragement to civilian and military elements in Brazil who opposed Goulart. It also gave them their cue for Brazil's future domestic and foreign policies. The military government that took over from the deposed President quickly committed Brazil to a program of honesty and austerity and as quickly disavowed Goulart's international behavior while affirming Brazil's close ties with her large, strong and influential northern neighbor.

The United States high-handed attitudes toward Latin America, accompanied as they have been by various degrees of coercion, have had plausible success up to now. Its neighbors, except for Mexico, Chile, and Cuba, remain relatively well-attuned and responsive to the United States ideological wavelengths. However, there is little reason to believe that this situation will continue indefinitely.

The ideology of nationalism has become a dynamic grass-roots force south of the Rio Grande. It is contributing to political integration by providing rallying points for diverse elements. In turn, group security has given those elements the courage to demand emancipation from United States hegemony.

The ideology of nationalism has also taught them that they should move into the modern world on their own, not on the leading strings

⁹ *The Christian Science Monitor*, September 20, 1968.

of a foreign power; that their problems can best be resolved in a global framework. As a consequence, with almost pathological sensitivity, they firmly reject the claim of the United States unilaterally to speak for the entire hemisphere. It has taught them to denounce any suggestion that submission is the price of assistance. Consequently it is no longer a question of whether or not the United States' grip on the hemisphere will be loosened, it is only a question of how and when.

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Mary Anderberg

TRINIDAD AND TOBAGO

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long-term finance it so sorely needs.

The establishment of an Industrial Court has introduced order into the hitherto chaotic atmosphere of industrial relations. Industrial disputes are now being settled without the damaging effect of work stoppages and, what is of greater significance, industrial awards have some direct relationship to the ability of the industry and the economy to bear these awards without harmful economic effects.

There is still much to be done. The nation is in the last days of its second five-year development plan and is actively preparing its third. The salient problems to be resolved are the still tenacious unemployment problem and the mobilization of additional savings from domestic sources to finance development of industry and agriculture. The nation must devise a policy which ensures that various income groups are equitably remunerated and that each contributes to national development according to its means and ability. It must resolutely pursue the objectives of getting the birth rate down to about 1.5 per cent in the 1970's and above all it must broaden the base of the economy to the extent that man-created assets will be adequate to displace the gradual depletion of wasting assets—notably petroleum and natural gas—without serious economic dislocation and a lowering of living standards.

THE CUBAN REVOLUTION IN 1968

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under Communist rule, the Russians and other East European nations have become more achievement-oriented. In those nations, a person's standing with his fellowmen depends mainly on his knowledge and professional skill, not on his birth and social origin—as was the case under the old regime—nor on his party rank and party merit—as the Communist rulers would prefer. East European communism has been forced to make certain adaptations in its economic system in accordance with the new achievement-oriented mentality of the population—the measures of economic liberalization so vehemently criticized and rejected by Castro.

Over a longer period of time, similar modifications of the traditional Latin American values may well take place among the Cubans at home and among the younger generation of refugees. This in itself would be a portentous result of the revolution and would place Cuba in an exceptional position in the Latin American community, whatever the political fate of the revolution may turn out to be.

The Month In Review

A CURRENT HISTORY chronology covering the most important events of November, 1968, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Communist Bloc

Nov. 21—A decision to hold a world Communist parley in May, 1969, is reached by delegates to a planning meeting in Budapest. Disagreement over the invasion of Czechoslovakia has caused many delegates to protest the May, 1969, meeting.

Nov. 25—In a statement issued today by the Soviet Communist party and published in *Pravda* (official Communist party newspaper), all Communist parties are urged to attend a world conference in May, 1969.

Disarmament

Nov. 20—The chief U.S. disarmament negotiator, William C. Foster, tells the General Assembly's Political Committee that the U.S. has postponed talks with the Soviet Union on limiting nuclear ballistic missile systems.

European Free Trade Association (E.F.T.A.)

Nov. 21—E.F.T.A. opens a 2-day ministerial meeting in Vienna.

General Agreement on Tariffs and Trade (Gatt)

Nov. 12—The 25th full-dress session of Gatt's 76 member states opens in Geneva.

Nov. 13—The executive head of Gatt, Olivier Lang, regrets the U.S. failure to abolish the American Selling Price system on benzoid chemicals, thus preventing a trade liberalization agreement on chemicals from taking effect. The A.S.P. artificially increases the tariff on imports into the U.S.

International Monetary Crisis

Nov. 12—In France, an increase in the official bank lending rate from 5 per cent to 6 per

cent is announced by the French Finance Ministry in an effort to restrict the flow of credit. Speculators have been selling French francs for German and Swiss currency, in anticipation of the devaluation of the franc, because of France's recent inflationary budget increases and the continuing loss of French gold reserves resulting from the May-June, 1968, general strike.

Nov. 18—*The New York Times* reports that conversion of French francs into German marks is continuing at a heavy pace; and that speculation in hope of the devaluation of the franc and revaluation of the mark is increasing.

The Bank of England takes official action to support the pound sterling.

Nov. 20—Major West European governments order financial markets closed to stop currency speculation.

In Bonn, Germany, representatives of the Big Ten economic powers meet. At the opening session, West German Economics Minister Karl Schiller rejects revaluation of the West German mark, a step that France has reportedly advocated.

The French National Assembly votes a \$400 million cut in its 1969 budget, an austerity measure to try to stabilize the franc.

The West German government announces that it has established tax revisions to make its imports cheaper and its exports more expensive; an action sometimes referred to as a method of "backdoor revaluation."

Nov. 22—In Bonn, the Big Ten issue a communiqué announcing that France will receive \$2 billion in additional credit to ease the crisis over the franc. It is expected that France will devalue the franc. The communiqué also states that, in the light of West German tax revisions to reduce the

West German trade surplus, the Big Ten endorse West Germany's "decision . . . to maintain the parity of the D-mark."

Nov. 23—The French government announces that after a cabinet meeting today, President Charles de Gaulle has decided to maintain the parity of the French franc, ruling out devaluation.

Nov. 24—In a radio broadcast, de Gaulle outlines an austerity program, including a wage-price freeze and new budget cuts, to strengthen the position of the franc.

Middle East

(See also *U.S.S.R.*)

Nov. 1—At a meeting of the Security Council held at the request of Israel and the U.A.R., the U.S. representative to the U.N., James R. Wiggins, declares that U.N. peacekeeping machinery must be strengthened to prevent violations of the Middle East cease-fire.

Last night Israeli commandos destroyed 2 bridges and a transformer station on the Nile River.

Nov. 2—Israeli authorities confiscate 15 shops owned by Arabs in East Jerusalem, a few hours after East Jerusalem shopkeepers began a protest strike against Balfour Day.

Nov. 3—Israeli and U.A.R. jets clash briefly over the Suez Canal cease-fire line.

Nov. 5—Israeli Premier Levi Eshkol tells the Israeli parliament that a "security frontier" must be established at the Jordan River even though the political frontier may be placed elsewhere. Some sort of demilitarized zone would make sure that an Arab army could not be stationed on the Jordan River's west bank.

Nov. 19—An Israeli spokesman announces that 7,000 Arab refugees who fled during the June, 1967, war will be allowed to return to the Israeli-occupied west bank of Jordan.

Nov. 22—Explosives hidden in a car blow up in a market area in Jerusalem, killing 11 persons and injuring 50.

Nov. 23—In Jerusalem, barriers separating the Arab and Jewish communities are restored.

North Atlantic Treaty Organization (NATO)

(See also *U.S., Foreign Policy*)

Nov. 16—At the end of a 3-day meeting of NATO's foreign, defense and finance ministers, a communiqué is issued warning the Soviet Union that any direct or indirect intervention to alter the situation in Europe or in the Mediterranean region "would create an international crisis with grave consequences."

Nov. 23—In an official statement, the Soviet Union declares that the Warsaw Pact members will meet any NATO measures with steps necessary "to insure the security of the states of the socialist community."

United Nations

(See also *Intl. Middle East*)

Nov. 1—The General Assembly elects 5 countries to fill 2-year terms on the Security Council: Colombia, Finland, Nepal, Spain and Zambia will replace the outgoing non-permanent members, Brazil, Canada, Denmark, Ethiopia and India.

Nov. 12—The General Assembly approves membership for Equatorial Guinea, the 126th U.N. member.

Nov. 18—It is acknowledged by U.N. officials that leaders of the Kurdish nationalist group in Iraq have asked the U.N. to mediate the Kurdish-Iraqi conflict.

Nov. 19—The General Assembly votes 58-44 (with 23 abstentions and 1 absentee) to refuse to seat Communist China or to expel Nationalist China.

War in Vietnam

Nov. 1—in an ambiguously worded statement, Xuan Thuy, chief North Vietnamese negotiator at the Paris talks, announces that North Vietnam, the National Liberation Front (the N.L.F.), the U.S. and the Republic of Vietnam will meet to discuss a peaceful settlement "not earlier than November 6, 1968," following the end of U.S. bombings and "all other acts involving the use of force" against North Vietnam. (See

also *Intl. War in Vietnam, Current History*, Dec., 1968, p. 372.)

In Washington, government leaders declare that the U.S. will intensify the bombing of the Ho Chi Minh Trail in Laos to cut off supplies to North Vietnamese and Vietcong forces in South Vietnam.

Nov. 2—South Vietnamese President Nguyen Van Thieu tells the South Vietnamese National Assembly that his government will boycott the Paris peace talks if the N.L.F. is accorded separate and independent status. He asserts that because 3 key conditions have not been met, his government will not "participate in the present exploratory talks" scheduled to begin November 6.

At his first Paris news conference, Xuan Thuy asserts that a secret agreement with the U.S. provided that the N.L.F. would attend the Paris conference as an independent group "with the right to speak."

Nov. 3—The N.L.F. issues a formal statement announcing that it will attend the expanded Paris peace talks, but that attendance does not signify recognition of the "puppet administration of Saigon." Mrs. Nguyen Thi Binh will head the N.L.F. delegation.

Nov. 5—It is reported that the first meeting of the expanded Paris peace talks scheduled for November 6 has been postponed at the request of the U.S. following South Vietnam's refusal to participate.

Nov. 8—In a radio-television broadcast, Thieu suggests nations line up on 2 sides at the Paris peace talks, with North and South Vietnam as the primary powers and the N.L.F. and the U.S. in subsidiary roles under North and South Vietnam respectively.

Nov. 9—It is revealed that yesterday and today U.S. B-52 bombers struck at areas near the Cambodian border where some 60,000 enemy troops have reportedly massed for an offensive.

Nov. 10—In the DMZ, enemy soldiers fire on U.S. marines for the first time since the bombing halt.

Nov. 11—Xuan Thuy accuses the U.S. of delaying the peace talks and using South Viet-

nam's absence as an excuse. He declares that North Vietnam agreed to a 4-way, not a 2-way, conference.

Nov. 12—In Washington, U.S. Defense Secretary Clark M. Clifford declares that the U.S. may enter into peace talks on "military matters" without Saigon unless the South Vietnamese government agrees to send a delegation.

Nov. 13—It is disclosed that the U.S. State Department delivered a message to North Vietnamese representatives in Paris charging that North Vietnam has violated the bombing halt agreement and condemning military aggression in the DMZ. The statement also asserts that the U.S. agreed to 2-way talks with the understanding that the N.L.F. would sit on Hanoi's side of the table and South Vietnam and the U.S. would sit on the other side.

Nov. 16—In Saigon, it is reported that the U.S. has rejected South Vietnam's plan that South Vietnam should head an allied delegation to the peace talks.

In Paris, a North Vietnamese official declares that his government will respect the neutrality of the DMZ if the U.S. and its allies do likewise.

Nov. 23—Le Duc Tho, a member of the North Vietnamese Politburo, returns to the Paris talks; he demands that the N.L.F. be recognized as a fully participating member of the talks. He rejects the "your side, our side" approach.

Nov. 24—It is reported that yesterday a U.S. reconnaissance plane was lost over North Vietnam.

Nov. 26—Simultaneous announcements in Saigon and Washington declare that the Thieu government's boycott of the Paris peace talks has ended. Saigon will send representatives to Paris under a plan which will give South Vietnam the major voice in affairs relating primarily to her interests; however, she will not be the chairman of the allied delegation.

Nov. 27—President Nguyen Van Thieu appoints Vice-President Nguyen Cao Ky to head the South Vietnamese delegation to the Paris peace talks.

Nov. 29—The Vietcong steps up its attacks on villages and market towns in South Vietnam in an attempt to "utterly destroy" combat units and pacification teams.

CEYLON

Nov. 1—An agreement between India and Ceylon is announced; more than half of the 1 million Tamils (Indians from Madras State living in Ceylon) who have been working on Ceylon's tea plantations will be repatriated to India over the next 15 years. Some 300,000 will be given Ceylonese citizenship. The Tamils make up one-tenth of Ceylon's population.

CHINA, PEOPLE'S REPUBLIC OF (Communist)

(See also U.S., *Foreign Policy*)

Nov. 1—The Central Committee of the Chinese Communist party formally expels Liu Shao-chi (the Head of State who has been under attack from the Mao group) from all party posts.

Nov. 2—The Polish paper *Rynki Zazraniaczne* reports that trade between China and East Europe dropped by nearly 20 per cent in 1967.

Nov. 26—The Foreign Ministry issues a call to the U.S. to join "an agreement on the five principles of peaceful coexistence." This is the first time since the start of the "cultural revolution" that the Chinese Communists have shown an interest in steps toward reconciliation with the U.S. The Chinese request a meeting with Nixon administration representatives on February 20.

COLOMBIA

Nov. 29—The coalition cabinet is forced to resign by President Carlos Lleras Restrepo. Lleras Restrepo claims the conservatively oriented cabinet has been sabotaging his economic reform programs.

CYPRUS

Nov. 1—Minister of Interior and Defense Polycarpous Georghiades resigns following an accusation by the Greek government that

he took part in an assassination plot against Greek Premier George Papadopoulos in August, 1968. Georghiades has denied the charge.

CZECHOSLOVAKIA

Nov. 4—*Rude Pravo*, official Czechoslovak Communist newspaper, prints a resolution condemning the pro-Soviet faction of the Czechoslovak Communist party.

Nov. 10—Anti-Soviet demonstrations erupt in Prague for the second time in 4 days. Czechoslovak police rescue Soviet military personnel from hostile crowds.

Nov. 11—A warning that the government will not tolerate further anti-Soviet outbursts is broadcast by Premier Oldrich Cernik.

Nov. 14—At a meeting of the Central Committee of the Communist party, First Secretary Alexander Dubcek pledges an effort to combine his concept of "humanist socialism" with the "harsh realities" of Soviet occupation.

Nov. 17—A committee of 8 moderates is chosen by the Central Committee to direct party activities.

Nov. 18—A policy resolution published by the Czechoslovak Communist party warns of far-reaching controls over students and newsmen.

Nov. 19—The government appeals to students to end a peaceful sit-in in the universities. The student movement in support of increased freedom has the support of many factory groups.

Nov. 21—Students end their sit-ins quietly after 76 hours of demonstrations in the universities and high schools of the country.

Nov. 26—Nine of the principal cultural organizations in Czechoslovakia join in a declaration warning that attacks on freedom of expression and the press lead to limitations and eventual elimination of civil liberties. The organizations pledge to insist on their rights to free and critical thought.

Nov. 27—The weekly journal *Reporter*, closed by the government for its outspoken attacks on the Soviet occupation of Czechoslovakia, is allowed to resume publication.

FRANCE

(See also *Intl. Monetary Crisis*)

Nov. 3—Plans are announced for a merger of the French Socialist party with other non-Communist leftist groups. The new party will be a stronger anti-Gaullist force in French politics.

Nov. 5—Foreign Minister Michel Debré tells members of the European Common Market that France is prepared to accept a 30 per cent tariff cut within the Market over a 4-year period. This would cause serious problems in international trade, since it would discriminate against non-European trade.

Nov. 6—Students in Grenoble and Marseilles strike against school conditions.

Nov. 8—Police and students in Paris scuffle in a new wave of protests coinciding with passage of university reform legislation.

Nov. 26—Premier Maurice Couve de Murville announces sharp reductions in the national budget to preserve the value of the franc. The military budget is cut by \$80 million, resulting in cancellation of projected nuclear tests in the Pacific; \$12 million is cut from the supersonic airplane budget, which will delay the development of the Concorde supersonic plane.

Nov. 27—The Communist-led General Confederation of Labor denounces the government's economic policy to save the franc from devaluation. The labor group demands that new talks on wages should be held no later than early January, 1969.

GERMANY, FEDERAL REPUBLIC OF (West)

(See also *Intl. Monetary Crisis*;
U.S., Foreign Policy)

Nov. 2—West Berlin is warned by the East German government against holding a scheduled West German Christian Democratic Union convention in West Berlin next week.

Nov. 3—Despite East German warnings, Chancellor Kurt-Georg Kiesinger flies into West Berlin from Bonn to attend a party conference.

Nov. 4—West Berlin police battle some 500

leftist students protesting the disbarment hearings of a lawyer who defended them after last April's riots against the publishing house of Axel Springer. (See *West Germany, Current History*, June, 1968, p. 373.)

Nov. 29—Defense Minister Gerhard Schröder asks for an increase in defense funds of \$625 million for the next 4 years. The increase is necessary in the face of greater Soviet military activity near Germany's borders.

GREECE

Nov. 3—Large crowds attending the funeral of former Premier George Papandreu show defiance of the ruling military regime by chanting anti-government slogans.

Nov. 4—Fifteen Greek citizens charged with the attempted assassination of Premier George Papadopoulos August 13, 1968, go on trial before a special military tribunal.

Nov. 8—Chief defendant Alexandros Panagoulis tells the special military tribunal he attempted to kill the Premier to free his country of tyranny. He has charged that he was tortured during his imprisonment.

Nov. 10—The new charter goes into effect today in Greece, limiting the powers of the throne and parliament. Provisions for civil rights and for elections remain in abeyance until the military regime chooses to restore them.

Nov. 21—The death sentence imposed on Panagoulis is commuted to long-term imprisonment by the government.

Nov. 23—Eleven students from the University of Athens receive heavy prison sentences on charges of trying to overthrow the government.

Plans for institutional reforms which will lead to full constitutional government are announced by Premier Papadopoulos.

ISRAEL

(See also *Intl. Middle East*; *U.S., Foreign Policy*)

Nov. 26—The government restricts traffic across the Jordan River following an Arab terrorist explosion in Jerusalem. Foot traf-

fic will continue, but motor vehicles may not cross.

ITALY

Nov. 19—The resignation of Premier Giovanni Leone and his cabinet is announced after 5 months of rule.

Nov. 21—It is reported from Rome that an attempt to reform a center-left coalition is being made by former Premier Aldo Moro.

Nov. 22—President Giuseppe Saragat enters the political consultations in an attempt to work out a coalition government.

Nov. 24—Mario Rumor is named head of the Christian Democratic party, a post which puts him in line for the premiership of a coalition government composed of Socialists, Republicans and Christian Democrats.

Nov. 26—Saragat asks Rumor to try to form a new coalition government.

JAPAN

Nov. 27—Premier Eisaku Sato automatically wins reelection to a third term, when he is reelected president of the Liberal-Democratic party.

Nov. 30—Sato appoints a new cabinet with a strongly pro-American foreign minister. Maintenance of firm ties with the United States, and recovery of the Ryukyu Islands from United States control are listed as the main goals of the new cabinet.

MALI

Nov. 19—A bloodless coup overthrows Socialist President Modibo Keita after 8 years of rule.

Nov. 20—The 14-member National Liberation Committee orders a series of arrests following its assumption of power.

Nov. 27—Captain Yoro Diakité announces that the transitional government replacing the overthrown regime of Modibo Keita will restore free trade and end collectivization of farmland.

MEXICO

Nov. 22—The Student Strike Council announces that it is cancelling further demonstrations; its members will return to classes.

The 118-day strike began last July, but was called off during the Olympic Games.

Nov. 23—Occasional clashes break out among students over the question of ending the student strikes.

NIGERIA

Nov. 21—The governments of Nigeria and the U.S.S.R. sign a long-term economic agreement amounting to \$140 million in Soviet aid.

PANAMA

(See *U.S., Foreign Policy*)

Nov. 3—Some 750 students and 100 professors march in protest against the military regime that seized power 3 weeks ago. National Guard troops arrest 200 marchers.

PAKISTAN

(See also *U.S., Foreign Policy*)

PERU

Nov. 20—The military regime that seized power on October 3 restores constitutional guarantees and announces plans for the eventual broadening of the government to include some civilians.

PORTUGAL

Nov. 1—The regime of Premier Marcelo Caetano is permitting increased press freedom, according to Lisbon newspaper reports.

Nov. 10—Mario Soares, a political opponent of the former Premier, returns from exile with the permission of the new regime. Soares was banished by former Premier Antonio de Oliveira Salazar, who was replaced after suffering a severe stroke.

Nov. 27—Premier Marcelo Caetano tells the National Assembly he upholds the African policy of former Premier Salazar.

RHODESIA

Nov. 11—A new flag is raised in Salisbury to celebrate the 3d anniversary of Rhodesia's unilateral declaration of independence from Great Britain. The Union Jack was lowered for the last time yesterday. Talks continue between Rhodesia and Great

Britain, aimed at achieving a compromise solution to Rhodesia's secession and her refusal to permit black voting. But no progress is reported.

RUMANIA

Nov. 20—President Nicolae Ceausescu is elected chairman of the Front of Socialist Unity, a new organization combining the Communist party and the professional and political organizations of the country.

Nov. 26—The governments of Rumania and the U.S. sign a 2-year cultural exchange agreement, permitting exchanges of student and faculty study groups, radio and television programs. Rumania opposed the Warsaw Pact invasion of Czechoslovakia; the U.S. has suspended exchange programs with countries which took part in the invasion.

SPAIN

Nov. 20—Negotiations between the Spanish government and the United States over terms of the lease of Spanish bases reveal differences. The Spaniards have requested \$1 billion in aid over the next 5 years, while the United States has offered \$140 million in aid plus about \$100 million in credits.

U.S.S.R., THE

(See also *Czechoslovakia*;

Intl, Communist Bloc and Middle East)

Nov. 6—First Deputy Premier Kirill Mazurov greets the election of Richard Nixon as United States President with a demand for "normalization" of relations between the two countries to further world peace.

Nov. 27—The Communist party newspaper *Pravda* prints an article affirming the strong interest of the Soviet Union in the Mediterranean. The article says the U.S.S.R. is keeping its fleet there to protect its southern borders and to guard its interests in the Arab states bordering the Mediterranean.

Nov. 30—The Communist party newspaper *Pravda* publishes an article sharply criticizing Czechoslovak groups that are resisting Soviet-imposed "normalization" following the Warsaw Pact forces' invasion.

UNITED ARAB REPUBLIC

Nov. 22—Four civilians are killed during street disorders in the city of Mansoura following a student demonstration.

Nov. 24—The government shuts all Egyptian universities in an attempt to quell spreading student rioting.

Nov. 26—Government officials in Alexandria report the end of student disorders which resulted in 16 deaths. Schools and universities remain closed.

UNITED KINGDOM, THE

(See also *Intl, Monetary Crisis, and Rhodesia*)

Nov. 4—The Treasury announces Britain's gold and dollar reserves dropped by \$11.6 million during October. Repayment of outstanding foreign loans is given as the main reason for the decline.

Nov. 27—Great Britain ratifies the nuclear nonproliferation treaty in Washington, becoming the first nuclear power to do so. The treaty has been signed by 83 nations, but it must be ratified by the U.S., the U.S.S.R. and 40 others.

UNITED STATES

Civil Rights

Nov. 1—The New York State Supreme Court orders a temporary stay on a state-ordered busing plan to correct racial imbalance in the Mount Vernon, New York, elementary schools.

Nov. 2—New York University says it will transfer authority and responsibility for the Martin Luther King Jr. Afro-American Student Center to an independent board of black students and faculty advisers. The center has been involved in controversy since the university fired its director, John Hatchett, for referring to the United States presidential candidates in crude terms.

Nov. 13—New York City announces it will grant 12 extra civil service points on employment tests to those regarded as "poverty applicants." Heretofore only veterans of military service have received this advantage.

San Francisco State College is closed fol-

lowing a week of student disorders. The students are protesting the suspension of a faculty member who is a member of the militant Black Panther organization.

A fine of more than \$1 million is levied by a federal district court judge against the White Knights of the Ku Klux Klan and 3 Natchez, Mississippi, white men for the murder of a Negro in 1966. The Mississippi jury of 8 Negroes and 4 white men brought in a unanimous verdict of liability in less than 2 hours.

Nov. 14—"Freedom of choice" school desegregation plans for 31 northern Louisiana parishes are upheld by a 3-judge federal court.

Nov. 18—John F. Hatchett says that on November 13 he declined the post as director of the Martin Luther King Jr. Afro-American Student Center.

Nov. 21—Police arrest 100 Negro students at the Oshkosh State University after the students smash furniture in a demonstration demanding Afro-American courses and a Negro student union.

Nov. 22—In an editorial in its official publication, *The Crisis*, leaders of the National Association for the Advancement of Colored People speak out against extremists who create a schism in the Negro community.

The Economy

Nov. 4—Arthur M. Okun, chief economic adviser to President Lyndon Johnson, says that the nation has turned the corner to price stability and that international transactions were close to being in balance in the third quarter of 1968.

Nov. 17—A study derived from U.S. Bureau of Census data made by the Teamsters Union terms family incomes in the U.S. "grossly inadequate." Some 38.6 per cent of all U.S. families have incomes under \$4,000 a year. The study released today reveals that far more than half the people on the nation's relief rolls are white.

Nov. 27—The Bureau of Labor Statistics reports a rise of six-tenths of one per cent in the cost of living during the month of Oc-

tober. This is the largest monthly increase since 1962.

Foreign Policy

(See also *Intl. Disarmament; China, Rumania*)

Nov. 6—It is reported in Washington that the United States has agreed to sell 58 Phantom jet fighter planes to Israel.

Nov. 8—The U.S. and West Germany end 2 days of talks on sharing costs for stationing U.S. troops in West Germany. Costs are estimated at about \$900 million a year, of which the Bonn government has been paying about \$725 million.

Nov. 11—In the first elections held to elect their own government, the U.S.-administered Ryukyu Islanders elect Chobo Yara as Chief Executive. Yara says he will study the gradual closing of U.S. bases on Okinawa and eventual return of the islands to Japan.

Nov. 13—Formal ties are established with the military government of Panama. The military junta took power from President Arnulfo Arias in October. (See *Panama, Current History*, December, 1968, p. 375.)

Nov. 14—Defense Secretary Clark Clifford announces a 6-point plan to strengthen U.S. forces in NATO.

President-elect Richard Nixon says he and the President have agreed "that there be prior consultation and prior agreement" on important policy decisions.

Nov. 15—President Johnson denies Nixon will play a role in policy-making before his inauguration.

Nov. 20—The newly-elected Chief Executive of the Ryukyu Islands asks the removal of all U.S. bombers based on Okinawa following the crash and explosion of a B-52 there yesterday.

Nov. 21—United States Ambassador to Pakistan Benjamin H. Oehlert, Jr., announces that U.S. bases in Pakistan will be dismantled when the agreement with Pakistan expires next July. The bases have been used to monitor Soviet missile and space flights.

Rumania and the U.S. will sign an agree-

ment on the peaceful uses of atomic energy according to an announcement made today by Glenn Seaborg, chairman of the Atomic Energy Commission.

Reports from Washington indicate that the U.S. opposes Spanish suggestions that the U.S. and Soviet Russia withdraw their fleets from the Mediterranean. The U.S. has 60 ships in the area and the U.S.S.R. has between 45 and 50 ships there. (See also *U.S.S.R.*)

Nov. 27—President-elect Richard Nixon is reported to be ready to accept the Communist Chinese proposal for a Chinese-U.S. meeting in Warsaw on February 20, according to administration sources.

Government

(See also *Politics*)

Nov. 5—The Commerce Clearing House announces that the new Consumer Credit Protection Act requires disclosure of actual credit costs in terms of simple annual interest to all purchasers. New restrictions are in effect on wage garnishments.

Nov. 6—Commissioner of Education Harold Howe 2d resigns from the Office of Health, Education and Welfare to direct educational programs in India for the Ford Foundation.

Nov. 8—Secretary of the Treasury Henry H. Fowler and Undersecretary of State Nicholas Katzenbach offer their resignations to President Lyndon Johnson. Katzenbach has accepted a job with I.B.M.

Nov. 12—President-elect Nixon names Bryce Harlow as his assistant for legislative affairs.

Nov. 13—John Ehrlichman is appointed as counsel to President-elect Nixon.

Nov. 14—Nixon names Ambassador Robert Murphy his temporary liaison with the State Department.

Nov. 19—A new welfare plan is suggested by the federal government. An affidavit of need and eligibility by welfare applicants would be sufficient to enroll recipients. The plan, which will appear tomorrow in *The Federal Register*, would free welfare workers from lengthy investigations and permit them to spend more time helping

welfare clients to become self-supporting. Nov. 25—Nixon names Herbert Klein as his director of communications, a newly-created post.

Labor

Nov. 12—A new contract is signed by Hartford, Connecticut, teachers, ending a strike which closed the school for 2 days.

Nov. 14—New York City firemen vote to accept the contract they turned down last month. The New York City police are still rejecting their contract offer.

Nov. 18—Emergency plans go into effect to care for patients in state mental hospitals in New York City as non-professional workers prepare to strike, seeking an election to determine which union will represent them.

Agreement is reached in the 5-week-old New York City public school strike. Among other provisions, the State Commissioner has named a state trustee to oversee the administration of the Ocean Hill-Brownsville district, and a 3-man panel to protect all city teachers and supervisors from local harassment. Classes resume tomorrow.

Nov. 19—Creedmoor State Mental Hospital in Queens, New York, is struck by ward attendants and food service employees.

The New York State Court of Appeals upholds the constitutionality of the state's Taylor Law which bars strikes by public employees.

Nov. 25—Teachers in Waterbury, Connecticut, vote to defy court orders to return to their classrooms and classes are cancelled for the third day.

Nov. 26—Buffalo State Mental Hospital is closed by striking employees. The New York State Supreme Court finds 2 union leaders guilty of criminal contempt.

Nov. 27—Workers in 4 New York State mental hospitals vote to return to work.

Politics

Nov. 6—Virtually final returns give Republican candidate Richard M. Nixon 287 electoral votes to win the presidency over

Democratic candidate Hubert H. Humphrey and American Independent Party candidate George C. Wallace in yesterday's elections. Republican candidate Spiro Agnew becomes Vice President.

Louis Ferre, candidate of the New Progressive party, wins the governorship in Puerto Rico, ending a 28-year rule by the Popular Democratic party.

Nov. 7—President Lyndon Johnson has ordered White House staff members to work with President-elect Nixon's staff members to effect an orderly transfer of power. Nixon and Johnson meet to make plans for the transition.

It is reported that the Democrats have won 58 U.S. Senate seats; the Republicans won 41; the Senate race in Oregon is still in doubt.

In the House of Representatives, 243 Democrats and 192 Republicans are elected. The Republicans gain 5 governorships, for a total of 31.

Nov. 8—Humphrey meets Nixon in Florida to offer his cooperation and urge the nation to unite behind the new administration.

In Oregon, Robert Packwood (R.) defeats U.S. Senator Wayne Morse (D.) in the Senate race.

Nov. 10—Associated Press compilations of election returns show that Nixon received 31,064,858 popular votes and 302 electoral votes; Humphrey won 30,703,563 popular votes and 191 electoral votes; Wallace won 9,672,877 popular votes and 45 electoral votes. With 99 per cent of the votes in, Nixon has won 43.48 per cent of the popular votes, Humphrey, 42.97 per cent, and Wallace, 13.53 per cent.

Nov. 11—A survey of election returns shows that Negroes have won 70 additional offices in local elections in Southern states, including 7 new state legislative posts.

Nov. 12—Six Republican committees that raised funds for the Nixon-Agnew campaign file financial reports with the Clerk of the House of Representatives, 2 weeks later than the statutory deadline of October 26. A 7th report, which was due October 31, is also filed.

Nov. 15—Analysis of national voting in 1968 shows that only 60 per cent of the eligible voters cast ballots in the 1968 presidential election, the lowest percentage since 1956.

Nov. 26—The Miami *News* reports that Vice-President Hubert H. Humphrey, defeated candidate for the presidency, will run for the Senate from Minnesota.

Nov. 27—According to reports from Washington, Massachusetts Senator Edward W. Brooke (R.) has rejected the proffered post of Secretary of Housing and Urban Development in the Nixon cabinet. Governor Nelson Rockefeller of New York State is also reported to have refused the post of U. S. representative to the U. N.

Military

Nov. 20—The drafting of college graduates has increased by 300 per cent, according to a report by the Department of Defense. Before July, 1968, graduates made up less than 5 per cent of the draftees and now comprise 16 per cent of total draftees.

Nov. 25—Serious wing cracks in C-130 troop and supply carrier planes are revealed by the Air Force. No crashes have been reported, but repairs are estimated to have cost over \$11 million.

Supreme Court

Nov. 12—An Arkansas law of 1928 forbidding the teaching of evolution in the public schools is declared unconstitutional.

Nov. 25—The Supreme Court rules that public meetings may not be delayed by temporary injunction unless testimony from sponsors of the proposed meeting is heard.

VIETNAM, REPUBLIC OF (South)

(See also *Intl. War in Vietnam*)

Nov. 5—The Vietnam Alliance of National Democratic and Peace Forces (a Vietcong-sponsored South Vietnamese group) urges the overthrow of "the Saigon puppet administration."

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